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Russia-Latvia Skrunda Agreement

944K1061A Riga DIYENA in Russian 23 Mar 94 pp 9-10

[Draft of 15 March 1994: "Agreement Between the Russian Federation and the Latvian Republic on the Legal Status of the Skrunda Radar Station During the Period of Its Temporary Functioning and Dismantling"]

[Text] The Russian Federation and the Latvian Republic, hereinafter referred to as the Parties, have agreed to the following:

Article 1

The present Agreement shall be an inseparable part of the Agreement between the Russian Federation and the Latvian Republic on the conditions, deadlines, and procedure for complete withdrawal from the territory of the Latvian Republic of the Armed Forces of the Russian Federation and their legal position during the period of withdrawal from "1994".

Article 2

1. The Skrunda Radar Station, hereinafter referred to as the Facility, is a Russian military institution under civilian control. Nothing in the present Agreement shall be regarded as giving this Facility the status of a military base.
2. The Facility includes structures, equipment, and individual components listed in Appendix No. 1 to the present Agreement.
3. During the period of its temporary functioning the Facility shall provide for radar observation of space.
4. Additional installation or replacement of equipment and components or construction work, as a result of which the Facility is modernized or its functions or technical specifications are changed, shall not be allowed.
5. During the period of temporary functioning of the Facility the Latvian Party shall retain the Facility's radio communications frequencies and also communications channels which it uses as of the moment of the signing of the present Agreement. The Parties shall be obligated not to allow interference in the operation of the Facility and communications network or radio broadcasting and television of the Latvian Republic. In the event of the appearance of interference the Parties shall take immediate measures to eliminate it.

Article 3

1. The Latvian Party shall turn over to the Russian Party for temporary use a plot of land with an area of 164.5 hectares designated on the topographical map which is an inalienable part of the present Agreement (Appendix No. 2) on which the Facility is located.
2. The Russian Party shall pay rent for the land granted for temporary use in the amount of U.S. dollars per year.
3. The sum indicated in point 2 of the present Article shall be transferred in two payments each half year: before 30 June—50 percent of the annual sum, before

31 December—the remainder of the annual sum. In the event of default of payments the Russian side shall pay a penalty in the amount of 0.05 percent for each day of default.

4. Any construction work on the territory of the Facility shall be allowed only during the period of its functioning after acquiring permission from the Latvian Party in keeping with the provisions of the present Agreement. This work may be done by the service personnel of the Facility or outside construction organizations of the Latvian Republic.

Article 4

1. Neither of the Parties shall use state symbols on the outside of the Facility.
2. All inscriptions outside the Facility must be in the Latvian language.
3. All inscriptions on the territory of the Facility shall be in the Latvian, Russian, and English languages.

Article 5

1. The Russian Party shall appoint its authorized representative (hereinafter—Manager of the Facility) and also individuals to act as manager if for any reason he cannot perform his duties himself.
2. The Manager of the Facility shall provide for management of the Facility and supervision of its activity, be responsible for the safety of the Facility, and regularly, no less frequently than once a month, report on work on the Facility and the execution of the present Agreement by the Combined Commission envisioned by Article 14 of the present Agreement.
3. The Latvian Party shall appoint its authorized representative (hereinafter—Representative of Latvia) and also individuals to perform his duties if for any reason he cannot perform them himself. The Representative of Latvia shall provide for external protection of the Facility, enforce the execution of the present Agreement and work on the Facility, and also, regularly, no less frequently than once a month, report to the Combined Commission.
4. The Manager of the Facility and the Representative of Latvia shall cooperate in solving problems related to the execution of the present Agreement.
5. At the request of the Manager of the Facility or the Representative of Latvia, any question may be submitted for consideration at the regular meeting of the Combined Commission. If one of the Parties thinks that the question requires an immediate solution at the level of the Combined Commission, it can demand that it convene an extraordinary session. In this case the session shall be conducted within three days of the receipt of the request.
6. The Representative of Latvia may visit the Facility at any time, informing the Manager of the Facility of this ahead of time.

Article 6

The number of personnel directly employed in the functioning of the Facility shall not exceed 599 military specialists and 199 civilian employees. Moreover, the Russian Party during the period of temporary functioning and dismantling of the Facility shall strive to reduce the number of military specialists by replacing them with civilian employees. Personnel who are citizens of the Latvian Republic and individuals residing permanently on its territory with the appropriate qualifications may be hired as civilian employees.

The indicated number does not include guards for the Facility or members of families of personnel, residents, and citizens of the Latvian Republic hired by the Manager of the Facility on the basis of labor agreements to work in the social sphere (trade, municipal services, medical and sociocultural services, preschool and school institutions).

Article 7

1. The Latvian Party at the request of the Russian Party shall issue temporary residency permits and other necessary documents required in connection with the arrival, departure, customs formalities, and residence in the Latvian Republic of citizens of the Russian Federation who are providing services for the Facility and members of their families. The general conditions for permits for the Latvian Republic in effect as of the time of the signing of the present Agreement shall apply to Russian personnel sent to work at the Facility. Individuals with work passports shall receive permits free of charge.
2. The issues mentioned in point 1 of the present Article shall be resolved through diplomatic channels. The corresponding documents shall be requested promptly—as a rule, 20 days in advance.

Article 8

1. Personnel employed at the Facility shall be under the jurisdiction of the Latvian Republic with the exception of those specified by points 2 and 4 of the present Article.
2. Labor relations among citizens of the Russian Federation employed at the Facility, including the examination of labor disputes, shall be regulated by legislative acts of the Russian Federation.
3. On the territory of the Latvian Republic criminal and civil cases and also cases of administrative violations involving individuals who are personnel at the Facility and members of their families, taking into account the provisions of points 2 and 4 of the present Article, shall be subject to the jurisdiction of the Latvian Republic.

Individuals who are personnel of the Facility and are citizens of the Russian Federation and also members of their families who are citizens of the Russian Federation shall enjoy in institutions of the Latvian Republic the same procedural rights and responsibilities as citizens of the Latvian Republic.

4. The Russian Federation shall exercise jurisdiction with respect to individuals who are personnel at the Facility and are citizens of the Russian Federation and members of their families who are citizens of the Russian Federation in keeping with legislation of the Russian Federation in the following cases:

- a) if they commit crimes or administrative legal violations against the Russian Federation and also against individuals who are personnel of the Facility and are citizens of the Russian Federation and also members of their families who are citizens of the Russian Federation;
- b) if individuals who are personnel of the Facility and are citizens of the Russian Federation commit crimes and administrative legal violations during the performance of their official duties.

Authorized organs of the Russian Federation and authorized organs of the Latvian Republic may request of one another transfer or acceptance of jurisdiction with respect to individual cases specified by the present Article.

5. In cases where individuals who are not personnel of the Facility, are not citizens of the Russian Federation, and are not members of families of individuals who are personnel of the Facility, and have citizenship of the Russian Federation, commit crimes or administrative legal violations against the facility and also against individuals who are personnel of the facility and members of their families, the guilty parties shall bear responsibility according to legislation of the Latvian Republic.

Article 9

1. Individuals who work at the Facility and members of their families, in keeping with legislation of the Latvian SSR, shall own, use, and dispose of mobile and immobile property legally belonging to them with rights of ownership, and in particular they may:
 - sell or in another way transfer the right of ownership to the immobile property belonging to them to relatives, citizens, or other residents residing in the Latvian Republic;
 - move, sell, or in other ways dispose of mobile property belonging to them with the right of ownership;
 - move or transfer their monetary funds from the Latvian Republic to the Russian Federation.
2. Individuals employed at the Facility and members of their families shall take advantage of the services of public health and postal and banking institutions of the Latvian Republic under general conditions.
3. A secondary school for teaching children of individuals working at the Facility may function on the territory of the Facility.

Article 10

1. The Russian Party shall have the right, observing the requirements of point 4 of Article 2 of the present Agreement, to bring into the territory of the Latvian Republic equipment and materials necessary for work at the Facility.
2. The freight mentioned in point 1 of the present Article shall not be subject to customs duties and fees, with the exception of payment for specific services. The freight shall be subject to customs inspection. The shipper of the freight or the individual accompanying it shall have the right to demand the presence during customs inspection of the Manager of the Facility or his representative. Freight to which access is prohibited out of considerations of secrecy shall not be subject to customs inspection if accompanied by documents indicating the secret nature of the freight. In exceptional cases when there are sufficient grounds, such freight may be inspected with a substantiated request from the customs organs of the Latvian Republic in the presence of a representative of the Facility.
3. The rules specified by points 1 and 2 of the present Article shall be applied only if the Manager of the Facility, no less than three days before the shipment of the freight to the territory of the Latvian Republic, notifies the Representative of Latvia of this in writing, communicating information about the cargo, its use at the Facility, and also the border crossing location.
4. Service personnel and members of their families who are citizens of the Russian Federation, after obtaining the documents indicated in Article 7 of the present Agreement, may ship personal effects and household goods into the Latvian Republic or out of its territory without paying customs duties or fees, except for payment for specific services. With respect to the movement of other items, the procedure is determined by normative acts of the Latvian Republic shall apply.
5. Freight shipped from the territory of the Facility outside the territory of the Latvian Republic shall not be subject to customs duties or fees except payment for specific services. Freight shall be subject to customs control according to point 2 of the present Article.
6. Courier and postal communications and transportation of work-related documents and postal dispatches shall be organized by the Manager of the Facility according to a procedure agreed upon with authorized organs of the Latvian Republic.
7. Means of transportation belonging to the Facility shall be registered in the Latvian Republic. Special means of transportation shall be allowed to be brought in only with permission from the Latvian Party.

Article 11

1. During the period of temporary functioning and dismantling of the Facility the Russian Party and the Manager of the Facility shall provide for observance of the requirements of normative acts of the Latvian Republic for protection of the environment.

2. Upon completion of the dismantling work envisioned by the present Agreement, an expert ecological appraisal of the territory of the Facility and its environs shall be conducted with the involvement of international specialists on the initiative of one of the Parties. All costs related to the expert appraisal shall be borne by the Party that initiates it.
3. In the event that during the period of temporary functioning and dismantling of the Facility people, animals, or plants are infected with dangerous diseases which could spread beyond the territory of the Facility, the Manager of the Facility shall immediately inform the Representative of Latvia of this and take the necessary measures to prevent further spreading of the disease.
4. With the participation of international specialists, on the initiative of one of the Parties, there may be an expert appraisal of the impact of the activity of the Facility on the environment. All costs involved in this expert appraisal shall be borne by the Party that initiates it.
5. If it is established that the activity of the Facility causes harm to the environment or the population, or the ecological expert appraisal deems that such harm has been caused, the Russian Party must make reimbursement for this harm and also take measures to eliminate its causes.
6. The Russian Party shall take measures to minimize the inconvenience caused to the local population because of the activity of the Facility.

Article 12

1. External guarding of the Facility shall be provided by personnel appointed by the Latvian Party and be under the jurisdiction of the Representative of Latvia. The external guard shall not impede the transfer of freight onto the territory of the Facility, the removal of freight from the territory of the Facility, or the movement of personnel and members of families of personnel.
2. The internal guarding of the Facility shall be provided by the Russian Party in keeping with existing normative acts of the Russian Federation. The number of military specialists functioning in the internal guard of the Facility may not exceed 89. In order to perform their functions the internal guard on the territory of the Facility shall have the right to bear light weapons. Information about the quantity and serial numbers of these weapons shall be submitted to the Representative of Latvia.
3. Access and entry security procedures shall be established for access to the territory of the Facility. The form of access and the security procedure shall be established by agreement between the Manager of the Facility and the Representative of Latvia.

Article 13

1. The Latvian Party shall provide for supplying the Facility with electric energy (transferring it from the Russian Federation) and water. The Russian Party shall be obliged to promptly make payment for transit of electric energy through the networks of the Latvian Republic according to the procedure and at the rates established by agreement with the Latvian Party. The Russian Party shall be obligated to promptly make payment for supply of water indicated in the present Article to the Facility according to the procedure and at the rates accepted in the Latvian Republic. Interruptions in the supply of electric energy or water that have arisen for reasons beyond the control of the Latvian Party and its services [(words indistinct)] shall not be regarded as a violation of the obligations of the Latvian Party.
2. Other services and deliveries shall be provided through the conclusion by the Manager of the Facility of the corresponding agreements with individuals and legal entities of the Latvian Republic. Disputes related to the fulfillment of these agreements shall be resolved according to the procedure determined by legislation of the Latvian Republic.

Article 14

1. For supervision and coordination of the execution of the present Agreement, a Combined Commission shall be created which shall consist of an equal number of representatives of both Parties and a representative or representatives of one of the international organizations to which both Parties belong. The Parties shall be obligated to reach agreement on the organization to be invited and invite its representative or representatives before the present Agreement goes into effect. If the agreement is not reached before 31 August 1994, this representative or these representatives shall be appointed by the UN secretary general or the chairman of the Council on Security and Cooperation in Europe.

The Combined Commission, on the initiative of the Parties, or a representative of the aforementioned international organization, on the initiative of the Manager of the Facility or the Representative of Latvia, and also on its own initiative shall consider and resolve on the basis of a consensus any issue related to the execution of the present Agreement. Decisions of the Combined Commission shall be binding for the Manager of the Facility and the Representative of Latvia. If the Combined Commission cannot find a solution that satisfies the Parties within a month's time or comes to the conclusion that the question must be resolved at the governmental level, the question is turned over for the consideration of the governments of both Parties, which, if necessary, may agree to transfer the dispute for the consideration of the international court of the United Nations.

2. The Latvian Party shall provide members of the Combined Commission with the necessary documents for

entering and remaining in the Latvian Republic. Members of the Combined Commission shall enjoy the same rights to visit the Facility as is enjoyed by the Representative of Latvia.

3. Sessions of the Combined Commission shall be conducted as necessary. Protocols of the sessions of the Combined Commission shall be submitted to the governments of both Parties. If a special session of the Combined Commission is convened at the request of the Manager of the Facility or the Representative of Latvia, the session of the Combined Commission shall be conducted within three days of the receipt of the request.

Article 15

1. In order to monitor the implementation of the present Agreement, inspection teams of the Conference on Security and Cooperation in Europe shall be invited periodically. The schedule for these inspections during the course of the year shall be determined at the first session of the Combined Commission for the corresponding year.
2. Special inspection teams shall be invited on the initiative of the Latvian Party. All costs involved with these inspections shall be borne by the Party that initiates the invitation.

The premises of the Facility that are classified as indicated in Appendix No. 3 shall not be subject to inspection. The aforementioned shall also be observed upon application of point 6 of Article 5 of the present Agreement.

3. No more than two periodic and two special inspections shall be conducted each year.
4. If a special inspection team is invited, the Latvian Party within 48 hours before its arrival shall notify the Combined Commission and the Manager of the Facility, providing a list of the inspectors.
5. The inspectors, whose number must not exceed three, shall enjoy the same rights to visit the Facility as are enjoyed by the Representative of Latvia. The Representative of Latvia and the Manager of the Facility shall accompany the inspectors while they are on the territory of the Facility. The duration of one inspection must not exceed three days. Conclusions of the inspection team shall be turned over for familiarization to the Combined Commission, the Manager of the Facility, and the Representative of Latvia.
6. In addition to inspections included in the schedule drawn up by the Combined Commission, periodic inspections shall be conducted within three days after the termination of the temporary functioning of the Facility and also on the day of the expiration of the present Agreement.

Article 16

1. The period of temporary functioning of the Facility shall end on 31 August 1998.

2. The dismantling of the existing radar station shall begin on 1 September 1998 and end no later than 29 February 2000.

If before the end of the period of temporary functioning of the Facility a station to place it is put into operation outside the Latvian Republic, the Russian Party shall immediately notify the Latvian Party of this. And within 30 days after the replacement structure goes into operation, the dismantling of the Facility shall begin.

During the period of dismantling the structures indicated in Appendix No. 4 that are located on the territory of the Facility shall be removed and, if necessary, the land shall be recultivated.

During the period of dismantling the equipment shall be shipped or sold on the spot.

Dismantling work at the existing radar station envisioned by the present Agreement shall be conducted at the expense of the Russian Party. The dismantling may be carried out both by personnel working at the Facility and by individuals hired by the Russian Party especially for performing this task. When recruiting personnel for dismantling, preference shall be given to residents of the Latvian Republic.

3. If necessary the number of personnel employed in the dismantling work who are citizens of the Russian Federation may be increased by mutual consent of the Parties.
4. The Russian Party shall take measures to provide for the proper financing of the dismantling work.

5. The Latvian Party shall at its own expense disassemble the incomplete station or transform it into a facility for civilian purposes. After the signing of the present Agreement the section servicing the building of the station shall be turned over to the Latvian Party. The list of structures of the incomplete station and the boundaries of the section of area turned over for servicing the building of the incomplete station shall be given in Appendix No. 5 to the present Agreement. The Latvian Party shall not impede the dismantling conducted by the Russian Party or the shipment of equipment and components from the incomplete station or the section serving it.

The work for disassembling the incomplete station or transforming it into a facility for civilian purposes should not impede the functioning of the existing station. The Latvian Party shall bear responsibility, including material, if as a result of the aforementioned work harm is caused to the life and property of personnel servicing the Facility or members of their families, the station that is in operation, and also facilities related to it.

6. After the signing of the present Agreement the railside base for loading equipment and servicing its section of land in the village of Skrunda shall be turned over to the Latvian Party. The Latvian Party shall not impede free use, when the Russian Party requires it, of railroad sidings and the rail side base for loading equipment

when shipping property and equipment of the Russian Party during the period of temporary functioning and dismantling.

Article 17

Calculations for rental payment and also payments related to the temporary functioning of the Facility and financing dismantling work shall be carried out in currency of the Latvian Republic through the correspondent subaccount of the institution of the Central Bank of the Russian Federation opened in one of the Latvian commercial banks according to the choice of the Russian Party.

Funds in the correspondent subaccount of the institution of the Central Bank of the Russian Federation shall be formed through transfer by the Russian Party of foreign currency to maintain the Facility and through other revenues.

Foreign currency from the Russian Party in the Latvian commercial bank shall be converted into Latvian lats and transferred at the expense of the institution of the Central Bank of the Russian Federation in this bank according to the agreed-upon exchange rate that is oriented to the currency market of Latvia.

Article 18

1. Nothing in the present Agreement may be used to commit actions aimed against the sovereignty or interests of the security of the Latvian Republic.
2. The Russian Party shall be obligated not to conclude any agreements regarding the Facility with third countries without the consent of the Latvian side. This does not pertain to the right of the Russian Party to dispose of information obtained by the Facility.
3. The Russian Party shall be obligated before the present Agreement takes effect to submit to the Security Council of the United Nations a document confirming the guarantees from the Russian Federation that the present Agreement will not be used to commit actions directed against the sovereignty and interests of the security of the Latvian Republic.
4. Any attempt to resolve disputes or disagreements related to the present Agreement using the threat of force or the application of it shall be regarded as a threat to peace and international security which shall be subject to consideration in the Security Council of the United Nations in keeping with Article 39 of its Charter.

Article 19

The Parties shall not make any changes or additions to the present Agreement, shall not extend the period of effect of the Agreement, and shall not renew it.

Article 20

The present Agreement shall take force on 1 September 1994 under the condition that the Agreement between the Russian Federation and the Latvian Republic on conditions, time periods, and procedure for complete withdrawal from the territory of the Latvian Republic of armed forces

of the Russian Federation and their legal position during the period of withdrawal has taken effect and armed forces of the Russian Federation have been completely withdrawn from the territory of the Latvian Republic. It shall remain in effect until the completion of the fulfillment of all of its provisions.

Article 21

The present Agreement shall be subject to registration in the Secretariat of the United Nations in keeping with Article 102 of the UN Charter.

Done in the city of 1994 in two copies, in the Russian and Latvian languages, each text having equal force.

Russia-Latvia Troop Withdrawal Agreement

944K1060A Riga DIYENA in Russian 23 Mar 94 p 9

[“Draft Treaty of Wednesday 23 March 1994 Between the Russian Federation and the Republic of Latvia on the Conditions, Timeframe, and Procedure of the Complete Withdrawal From the Territory of the Republic of Latvia of the Armed Forces of the Russian Federation and Their Legal Position in the Withdrawal Period”]

[Text] The Russian Federation and the Republic of Latvia, hereinafter called the Parties,

considering the new political realities in Europe and the world as a whole,

convinced of the need under the new conditions to further the maintenance of peace and stability in Europe,

guided by the aims and principles of the UN Charter and the documents of the Conference on Security and Cooperation in Europe,

endeavoring to lay the foundations of qualitatively new relations between Russia and Latvia and acting in a spirit of good-neighboringliness, cooperation, and respect for the rights and interests of the Parties,

proceeding from the principle of sovereign equality and respect for the rights inherent in states' sovereignty,

endeavoring to develop the positive values of the legacy of Russian-Latvian ties for consolidating mutual relations between the peoples of the two states and wishing to put an end to the negative consequences of their common history,

believing that a settlement of the question of the complete withdrawal of the Armed Forces of the Russian Federation from the territory of the Republic of Latvia would contribute to a strengthening of trust between the Russian Federation and the Republic of Latvia,

wishing to complete the creation of a treaty basis for the complete withdrawal from the territory of the Republic of Latvia of the Armed Forces of the Russian Federation and their legal position in the withdrawal period, and

taking account of the agreements regulating individual aspects of the withdrawal of the troops and their legal position in the withdrawal period,

have agreed as hereunder:

I. GENERAL PROVISIONS

Article 1

DEFINITION OF CONCEPTS

For the purposes of this treaty the terms mentioned below signify:

1. “Armed Forces”—command and control authorities, large strategic formations, combined units, units, establishments, and military educational institutions of the Armed Forces of the Russian Federation and the Border Forces of the Russian Federation in the Republic of Latvia;
2. “Persons constituting the Armed Forces”
 - a) servicemen
 - b) employees of the Ministry of Defense of the Russian Federation temporarily assigned to the Republic of Latvia for operations connected with the activity of the Armed Forces of the Russian Federation;
3. “Families of persons constituting the Armed Forces” the spouses of the persons specified in clause 2 of this article and their underage children and other dependents;
4. “Stationing location”—the territory on which the Armed Forces of the Russian Federation in the Republic of Latvia are stationed (base compounds and discrete military facilities);
5. “Personal property of the Armed Forces”—all types of arms, munitions, and military equipment, including means of transport, and other material and technical resources and types of property which do not pertain to real property and which are necessary for supporting the Armed Forces of the Russian Federation;
6. “Real property”—plots of land at the stationing location of the Armed Forces of the Russian Federation with the base compounds, airfields, port installations, proving grounds, firing ranges, forest areas, buildings and installations, fixed equipment, engineering systems and communications systems, water and heat supply systems, and sewerage and purification installations which they contain and also individual buildings and installations and the plots of land servicing them outside of the stationing location of the Armed Forces of the Russian Federation.

Article 2

TIMEFRAME OF WITHDRAWAL OF THE ARMED FORCES

The Armed Forces of the Russian Federation shall be withdrawn from the territory of the Republic of Latvia by 31 August 1994.

The complete withdrawal of the Armed Forces of the Russian Federation shall encompass all persons constituting the Armed Forces of the Russian Federation and their families and personal property.

The inactivation of the military units and the discharge of servicemen therefrom subsequent to 28 January 1992 on the territory of the Republic of Latvia may not be regarded as troop withdrawal.

The complete withdrawal of individual subunits of the Armed Forces of the Russian Federation and the release and transfer of facilities used by the Armed Forces of the Russian Federation shall be undertaken in accordance with the timetable (supplement).

The Agreement Between the Russian Federation and the Republic of Latvia on the Legal Status of the Skrunda Radar Station for the Period of Its Temporary Functioning and Dismantlement, the Agreement Between the Government of the Russian Federation and the Government of the Republic of Latvia on the Social Protection of Servicemen of the Armed Forces of the Russian Federation and the Border Forces of the Russian Federation and Their Families Temporarily on the Territory of the Republic of Latvia Until Their Complete Withdrawal, and the Agreement Between the Government of the Russian Federation and the Government of the Republic of Latvia on the Social Protection of Military Retirees of the Russian Federation and Their Families Resident on the Territory of the Republic of Latvia shall be an inalienable part of this treaty. The Parties shall proceed from the fact that the said treaty and agreements shall be applied in a package in accordance with the provisions specified therein.

Article 3

GENERAL SETTLEMENTS

1. The Armed Forces of the Russian Federation and the persons constituting them and their families shall comply with legislation of the Republic of Latvia and refrain from any interference in the internal affairs of the Republic of Latvia and from any activity incompatible with the provisions of this treaty. The command and control authorities of the Armed Forces of the Russian Federation shall ensure compliance with these provisions. The Armed Forces of the Russian Federation shall adopt all measures to avoid any actions disrupting the normal living conditions of the population of the Republic of Latvia.
2. The authorities of the Republic of Latvia shall respect the legal position of the Armed Forces of the Russian Federation and the persons constituting them and their families, as specified in this treaty, and shall refrain from all actions complicating the realization by the Armed Forces of the Russian Federation of their rights and obligations in connection with this treaty and shall adopt measures to forestall any unlawful actions in respect to the Armed Forces of the Russian Federation and the persons constituting them and their families.
3. The Russian Federation undertakes not to increase the manning level of its Armed Forces on the territory of

the Republic of Latvia, not to introduce subunits or units, and not to bring in or deploy arms.

The introduction of personnel of the Armed Forces of the Russian Federation to cater for materials-handling, security, and certain other operations connected with the needs of the units and subunits being withdrawn shall be permitted following consultation with the Republic of Latvia.

4. The Armed Forces of the Russian Federation shall be garrisoned at the stationing location at the moment this treaty is concluded.
5. The Russian Federation shall notify the Republic of Latvia of the manning level of its Armed Forces on the territory of the Republic of Latvia, of the members of the servicemen's families included, and will subsequently periodically, not less than once a quarter, report the progress of their withdrawal and the change in the manning level in respect to each said group individually.
6. Questions of ownership and property-financial and other economic matters connected with the withdrawal of the Armed Forces of the Russian Federation from the territory of the Republic of Latvia not specified by this treaty shall be regulated by separate arrangements of the Parties.
7. International arms control and disarmament agreements shall extend to the Armed Forces of the Russian Federation on the territory of the Republic of Latvia. The Armed Forces of the Russian Federation do not have and shall not deploy on the territory of the Republic of Latvia nuclear, chemical, biological, vacuum, or binary weapons or types of weapons banned by international conventions either.
8. Persons constituting the Armed Forces of the Russian Federation who have intentionally broken the laws of the Republic of Latvia shall at the suggestion of the competent authorities of the Republic of Latvia be recalled from the territory of the Republic of Latvia. In disputed instances the decision shall be made adopted by the Mixed Russian-Latvian Commission specified by Article 14 of this treaty.
9. Joint ventures shall be formed, if the Parties deem it expedient, on the basis of specialized enterprises and individual medical institutions of the Ministry of Defense of the Russian Federation deployed on the territory of the Republic of Latvia. The principles and timeframe of the creation of joint ventures shall be determined by separate agreements of bodies authorized by the Parties on the basis of the fact that real property transferred to the Latvian side by the Russian side shall be considered the contribution of the Latvian side, and the personal property of such enterprises and institutions, the contribution of the Russian side.

II. ACTIVITY OF THE ARMED FORCES BEING WITHDRAWN**Article 4****TRANSFERS, EXERCISES**

- Units and subunits of the Armed Forces of the Russian Federation shall prior to their conclusive withdrawal from the territory of the Republic of Latvia be located within base compounds and individual military facilities.**

Territory outside of the base compounds and individual military facilities and also the former military forestry sections shall not be used by units or subunits of the Armed Forces of the Russian Federation.

- There shall be at least two weeks' advance notification of the Ministry of Defense of the Republic of Latvia of exercises by the Armed Forces of the Russian Federation of battalion strength and above at their stationing location.**
- The Armed Forces of the Russian Federation shall travel about the territory of the Republic of Latvia outside of their stationing location only for the purpose of support of the supply and day-to-day activity of the troops. Any travel of the Armed Forces of the Russian Federation not connected with the supply or day-to-day activity of the troops, with the simultaneous participation of six or more motor vehicles or three or more infantry fighting vehicles, armored transport vehicles, or tanks and also armed personnel numbering 30 or more men, shall in each instance be subject to coordination with the representative authorized by the Ministry of Defense of the Republic of Latvia and the local authorities of the Republic of Latvia.**

Article 5**USE OF TRANSPORT ROUTES**

- Persons constituting the Armed Forces of the Russian Federation and their families may travel on means of transport belonging to them on transport communication routes of all kinds if legislation of the Republic of Latvia and this treaty are observed here and avail themselves of general-use transport (ground, air, and water) and transport equipment.**
- Service transport facilities of the Armed Forces of the Russian Federation must have a registration number and distinguishing marking. The use of number plates of the Republic of Latvia for service transport facilities is not permitted.**

The command of the Armed Forces of the Russian Federation shall issue number plates for motor vehicles of the transport group and notify the competent authorities of the Republic of Latvia of their registration, except for combat vehicles.

The authorities of the Republic of Latvia shall be entitled to inspect the driver's licenses, motor-inspection papers, and the drivers' identity cards.

- The Armed Forces of the Russian Federation shall abide by the highway rules in force in the Republic of Latvia, the rules of behavior at the scene of a traffic accident included, and also the rules governing the shipment of hazardous materials. Supervision of compliance with the said rules shall be exercised by the competent authorities of the Republic of Latvia and the command of the Armed Forces of the Russian Federation.**

- Large-scale and heavy equipment of the Armed Forces of the Russian Federation, including tracked vehicles, outside of the agreed routes shall be transferred by railroad transport or on trailers.**

- The amount of compensation for expenditure connected with the maintenance and repair of transport communication routes used by the Armed Forces of the Russian Federation shall be determined following consultation with the Main Finance Inspectorate of the Republic of Latvia, the Ministry of Transport of the Republic of Latvia, and the Armed Forces of the Russian Federation.**

Article 6**OTHER TYPES OF ACTIVITY OF THE ARMED FORCES**

- The Armed Forces of the Russian Federation shall be entitled within their stationing location to implement measures in respect to their security in accordance with the procedure established in the Armed Forces of the Russian Federation and also with regard to the legislation of the Republic of Latvia in effect at the time of the signing of this treaty. When traveling outside of the stationing location, the security of the Armed Forces of the Russian Federation shall be provided by the persons constituting the Armed Forces of the Russian Federation, with observance of the legislation of the Republic of Latvia and in interaction with the competent authorities of the Republic of Latvia.**

- Servicemen of the Armed Forces of the Russian Federation outside of the stationing location shall be entitled to carry loaded weapons only when performing in accordance with clause 1 of this article assignments pertaining to the protection of the Armed Forces of the Russian Federation and their real property, arms and military equipment, and monetary and material resources and also authorized weapons and ammunition for personal protection.**

- The Military Motor Inspectorate of the Armed Forces of the Russian Federation shall perform its activity in the procedure and the instances coordinated with the authorized representative of the Government of the Republic of Latvia.**

- The Armed Forces of the Russian Federation shall not, with regard to the provisions of Article 8 of this treaty, use the stationing location for commercial purposes.**

III. USE OF PERSONAL PROPERTY AND REAL PROPERTY

Article 7

USE OF REAL PROPERTY

1. The Armed Forces of the Russian Federation and the persons constituting them and their families shall use real property and perform their activity connected with the fulfillment of this treaty such as to ensure that no harm be caused to people's health, public safety and order, or the environment here.
2. Any construction work, including work on the modernization, dismantling, or installation of buildings, may be performed by the Armed Forces of the Russian Federation only with the consent of the authorities of the Republic of Latvia.
3. The Armed Forces of the Russian Federation shall ensure for the competent authorities of the Republic of Latvia and persons whom they so authorize access to facilities of real property and also the necessary information concerning these facilities determined in Article 12 of this treaty. Account shall be taken here of secret-status requirements at these facilities.

The command of the Armed Forces of the Russian Federation shall appoint its representatives at real-property facilities, whose assignments shall include assistance to the authorities of the Republic of Latvia in obtaining the necessary access to the real-property facilities.

4. Questions connected with the housing of the base compounds and other facilities of the social sphere within the jurisdiction of the Armed Forces of the Russian Federation and the conditions of the participation of the Latvian side in the construction of accommodations and facilities of the social sphere in new stationing locations on the territory of the Russian Federation shall be determined by a separate agreement of the Parties. When the question of the construction of accommodations and facilities of the social sphere on the territory of the Russian Federation are being decided, the Parties may appeal individually or together for the assistance of the international community. The Parties shall contribute to the creation of funds, international included, whose resources shall be channeled into the solution of social problems of the Armed Forces of the Russian Federation being withdrawn from the Republic of Latvia.
5. The Latvian side shall grant the Russian side fair compensation for the real property transferred to it which was built or purchased with funds of the Armed Forces of the Russian Federation and which represents state property of Russia.

Article 8

POSSESSION, USE, AND DISPOSAL OF PERSONAL PROPERTY OF THE ARMED FORCES

1. The Armed Forces of the Russian Federation on the territory of the Republic of Latvia shall be entitled to

dispose of the personal property within their jurisdiction by way of its removal or transfer or sale to the authorities of the Republic of Latvia or, with their consent, to other individuals or legal entities of the Republic of Latvia. The Russian side shall present to the Ministry of Defense of the Republic of Latvia the appropriate information concerning instances of the transfer or sale of weapons prior to this treaty having taken effect.

2. The sale on the territory of the Republic of Latvia of arms, munitions, and combat equipment to any individuals or legal entities shall be permitted only with the consent of the competent authorities of the Republic of Latvia.
3. The destruction of personal property of the Armed Forces of the Russian Federation on the territory of the Republic of Latvia shall not be permitted. In exceptional instances the procedure of its destruction shall be agreed with the Ministry of Defense of the Republic of Latvia or authorized official bodies of the Republic of Latvia or local government authorities of the Republic of Latvia.

IV. LEGAL MATTERS

Article 9

GENERAL LEGAL MATTERS

The Republic of Latvia shall on its territory ensure the rights and liberties of the persons constituting the Armed Forces of the Russian Federation being withdrawn from the territory of the Republic of Latvia and their families in accordance with legislation of the Republic of Latvia and the rules of international law.

Article 10

JURISDICTION IN CRIMINAL, CIVIL, AND ADMINISTRATIVE CASES

1. On the territory of the Republic of Latvia criminal and civil cases and also cases involving administrative offenses in respect to persons constituting the Armed Forces of the Russian Federation or their families shall, with regard to the provisions of clause 2 of this article, be subject to the jurisdiction of the Republic of Latvia.

Persons constituting the Armed Forces of the Russian Federation and their families shall enjoy the same remedial rights and obligations as citizens of the Republic of Latvia in institutions of the Republic of Latvia.

2. The competent authorities of the Russian Federation shall exercise jurisdiction in respect to persons constituting the Armed Forces of the Russian Federation and their families in cases of:
 - a) the perpetration by persons constituting the Armed Forces of the Russian Federation or their families of crimes and administrative offenses against the Russian Federation and also against persons constituting the Armed Forces of the Russian Federation or their families;

- b) the perpetration by persons constituting the Armed Forces of the Russian Federation of crimes or administrative offenses in the performance of their service duties.

The competent authorities of the Russian Federation and the competent authorities of the Republic of Latvia may address to one another a request for the transfer or acceptance of jurisdiction in respect to the individuals cases (persons) specified by this article.

3. In instances of the perpetration by persons who do not constitute the Armed Forces of the Russian Federation and who are not members of their families of crimes or administrative offenses against the Armed Forces of the Russian Federation or persons constituting them stationed on the territory of the Republic of Latvia and also these persons' families, the guilty parties here shall be liable according to legislation of the Republic of Latvia.
4. The command of the Armed Forces of the Russian Federation shall immediately notify the Ministry of Internal Affairs of the Republic of Latvia of all cases of the theft or sale of weapons, munitions, and military equipment or assets in the stationing location of the Armed Forces of the Russian Federation on the territory of the Republic of Latvia and also of armed servicemen of the Armed Forces of the Russian Federation leaving their stationing location without permission.

Article 11

COMPENSATION FOR DAMAGE

1. Damage caused by the Armed Forces of the Russian Federation or persons constituting them by acts of commission or omission in their performance of their service duties shall be compensated to the Latvian side, including individuals and legal entities or persons of third states on the territory of the Republic of Latvia, by the Russian Federation.

The amounts of compensation of the damage shall be established with regard to legislation of the Republic of Latvia by the Mixed Russian-Latvian Commission specified by Article 14 of this treaty.

2. The Russian Federation shall compensate also damage caused to the Latvian side and the persons of third states on the territory of the Republic of Latvia as a result of acts of commission or omission of persons constituting the Armed Forces of the Russian Federation perpetrated not during the performance of service duties and also as the result of acts of commission or omission of members of the families of persons constituting the Armed Forces of the Russian Federation. The amounts of the compensation shall be established by a court of law of the Republic of Latvia.
3. The Republic of Latvia shall compensate the Russian Federation for material damage to property of its Armed Forces and also persons constituting the Armed Forces of the Russian Federation which is caused by

acts of commission or omission of official authorities, citizens, and legal entities of the Republic of Latvia in amounts established by the Mixed Russian-Latvian Commission or a court of law of the Republic of Latvia on the basis of this treaty and legislation of the Republic of Latvia.

4. Disputes arising from the obligations of the Parties in respect to compensation for damage shall be examined by the Mixed Russian-Latvian Commission specified by Article 14 of this treaty.

Article 12

PROCEDURE OF THE TRANSFER AND ACCEPTANCE OF FACILITIES AND THE SALE OF PROPERTY

1. The Armed Forces of the Russian Federation shall transfer facilities to the competent authorities of the Republic of Latvia as they are released in connection with the withdrawal of the troops in accordance with the agreed timetable.

Facilities shall be transferred by acceptance-transfer commissions on the basis of protocols signed by authorized persons of both Parties.

All grounds, buildings, and installations shall upon the withdrawal of units and subunits of the Armed Forces of the Russian Federation be transferred to the Republic of Latvia in accordance with a deed reflecting their condition and value determined by agreed methods.

2. The command of the Armed Forces of the Russian Federation shall give the authorities of the Republic of Latvia two months' notice of an impending transfer of a facility. The notice should contain information on the name of the facility, the area of territory it occupies, its whereabouts, and the time of the planned transfer. Additional information if chemical weapons, nuclear weapons, rocket fuel, or radioactive substances were housed at the facility or if mining, blasting, bombing, firing, or other measures involving the use of the said substances were carried out shall be presented also.

A preliminary inspection shall be made of the facility within 15 days from the time of receipt of the notice. The technical condition of the facility shall be reflected in a bilateral acceptance-transfer protocol (deed).

The Armed Forces of the Russian Federation shall present the following documents:

a list of buildings and installations and also information on the plot of land. Facilities built by the Armed Forces of the Russian Federation shall be specified separately here;

a statement on the clearance of the facility of explosives (for proving grounds).

The Latvian side shall be presented on agreed terms with:

a master plan of the facility with plotted structures, forest areas, engineering systems, telephone and telegraph communications, and railroad and other transport communication routes;

financial and cost data on the fixed construction capital and information concerning the supply of electric power, gas, and heat and also on sewerage and other installations.

Article 13

ENVIRONMENTAL PROTECTION

1. The Armed Forces of the Russian Federation shall ensure compliance with legislation of the Republic of Latvia on environmental protection.
2. The authorities of the Republic of Latvia and the administration of the Armed Forces of the Russian Federation shall on the basis of enforceable enactments in effect on the territory of the Republic of Latvia in the period of withdrawal of the Armed Forces of the Russian Federation cooperate on matters of protection of the environment and prevention of its pollution.
3. All the transferred facilities shall be subject to inspection for evidence of environmental pollution and damage to and the depletion of natural resources. This work shall be performed by joint commissions with two cochairmen from the Parties on the basis of methods that shall be agreed by the Parties' authorized representatives.

V. FINAL PROVISIONS

Article 14

AUTHORIZED REPRESENTATIVES. MIXED RUSSIAN-LATVIAN COMMISSION

1. The Parties shall appoint their authorized representatives for the settlement of questions connected with the withdrawal of the Armed Forces of the Russian Federation.
2. A Mixed Russian-Latvian Commission shall be formed for the solution of disputed questions connected with the transfer, acceptance, and sale of real property and personal property of the Armed Forces of the Russian Federation and also for the solution of other questions arising in the process of implementation of this treaty. This Mixed Russian-Latvian Commission shall contain an equal number of members from each Party.

The Mixed Russian-Latvian Commission shall adopt its decisions by consensus. If necessary, it will enlist experts in the work.

The Mixed Russian-Latvian Commission shall be located in the city of Riga.

3. In the event of the Mixed Russian-Latvian Commission failing to reach agreement in the solution of some question or other, it shall be passed on for consideration at the diplomatic level.
4. Disagreements between the Parties pertaining to the interpretation or application of this treaty shall be resolved by way of negotiation.

Article 15

This treaty is subject to ratification. It will apply temporarily as of the day it is signed and will take effect the day instruments of ratification are exchanged. The treaty will operate until it is revised or terminated as agreed by the Parties.

For the period of the treaty the Parties undertake to refrain from uncoordinated unilateral actions on matters regulated by this treaty and the supplement thereto and also by individual agreements pertaining to these matters.

Done in the city of , 1994, in duplicate, each in Russian and Lettish, both texts being equally valid, what is more.

Reactions to Nazarbayev's 'Eurasian Union' Proposal

Lack of Russian Response Noted

944Q0297A Moscow NEZAVISIMAYA GAZETA
in Russian 6 Apr 94 p 1

[Article by V. Tretyakov: "Say No If You Cannot Say Yes. What Is the Head of the Kremlin Thinking About?"]

[Text] Nursultan Nazarbayev risked asking the president of Russia a most difficult question for Boris Yeltsin regarding the creation of a Eurasian Union, which undoubtedly in language more understandable to all simply means the recreation of the USSR (naturally—no irony intended—a democratic one, with a market economy, and with realistic, in the sense of being realistically measured out, sovereignty of the member states).

The president of Russia became very thoughtful.

Boris Yeltsin never liked to and does not know how to respond to direct questions (since the autumn of 1991). If he is forced to do so he does it not even evasively (that is, in a Marxist dialectic manner, as Gorbachev did) but simultaneously giving two contradictory answers. With reference to the existing well-known decree issued by Yeltsin, for instance, presidential elections will take place in Russia in June 1994, whereas in accordance with transitional articles of Yeltsin's constitution—they are scheduled for June 1996.

Thus Yeltsin did not say yes to the president of Kazakhstan, (and will not do so). He did not say no (and will not do so). He will not say, "no, but..." either, or "yes". Sooner or later at some point he will say: "The Eurasian Union must be created." Somewhat later, at another point he will say: "By the will of the people who elected me I am, above all, the guarantor of the state sovereignty of Russia and therefore the Eurasian Union must not be created."

Let all the voters and foreign politicians scratch their heads in bewilderment: What could it mean? It means nothing. There is simply no answer. After someone starts some kind of a union—a Eurasian, a Soviet, or even a Euroafrican one, then we will think of something. It appears that scientific terms this is called a reactive policy.

Yeltsin rejected any policy based on his own initiative from the time when he understood that the promised sovereignty (as much as can be borne) was almost borne away.

The question concerning the Union, however, is a serious one. Nazarbayev, as undoubtedly one of the most sober-minded and far-sighted politicians, raised it in a thought-out manner, guided by many reasons four of which appear to be the most important ones. First of all Mr. Nazarbayev understood that in his lifetime he would not be able to raise Kazakhstan to a level of material prosperity, and especially to any stellar levels, without Russia (or some other superpower)—that is unrealistic. Secondly the imperial memory of "democratic" Russia will not dissipate very soon—it is best to reunite than to inevitably drift toward an inevitable confrontation. Third, the "Russian question" (especially with the inability of Russia to resolve it not only in the near abroad but even on its own territory) sooner or later will create an "explosion" in Kazakhstan within its current artificial borders. Fourth, China is quite near to it—a few more years and the Moscow suzerain will appear as a kindly father compared to the Beijing uncle.

In other words Nursultan Nazarbayev feels something that they do not even suspect in the Kremlin, or rather, they do suspect it but like a burnt child, dread the fire since it will be necessary to do some work, bear responsibility, and share power. Nursultan Nazarbayev realizes that in the next presidential elections in Russia, in Ukraine, in Belarus, and in Kazakhstan itself, and perhaps in a number of other republics of the former USSR, there will be politicians running, and in some cases winning, under the slogan of a peaceful recreation of the Union within reasonable boundaries and in reasonable forms, who simply cannot be classified as radicals, extremists, or even communists.

It is absolutely clear, and Nazarbayev knows it, that under Yeltsin and Kravchuk in Ukraine no Union will be created (Belovezhskaya Pushcha syndrome). But Nazarbayev looks ahead, into the future not of specific presidents, but that of Kazakhstan and Russia. In the latter case—beyond the Kremlin. In addition to that, of course, Nazarbayev has good odds—he did not take part in the liquidation of the USSR and the proclamation of a sexless CIS out of its shapeless fragments and Alma-Ata, naturally, does not have its West Ukraine as does Kiev, nor a morbid thirst for power above which there is only God (for atheistically raised Yeltsin, there is not even that), as in the case of the president of Russia.

It is characteristic that the talkative Moscow press greeted with virtually total silence a proposal by the president of a country which was recently accused by it of infringing on the rights of Russian voters in parliamentary elections in Kazakhstan.

The silence of the Moscow press, just as the silence of the head of the Kremlin and of practically the entire Russian political Olympus, constitutes the inability and fear of honestly and openly responding to an issue which is becoming the main political issue for the country (which is becoming increasingly more evident): What is to be done with the wounded "affectionate and gentle beast"—the

Union, still alive and ensconced in the Belovezhskaya Pushcha? Is it to be nursed back to health? Frankly finished off, or, whilst we bashfully look the other way, allowed to expire while at the same time we attempt to enter Europe. Perhaps directly into Western Europe?

It is not necessary to answer that question, while limiting oneself to a secret strategy (for fools, which rather resembles a tactic) of chopping pieces off property of "fraternal republics" weakened more than Russia. Even the Bolsheviks did not conduct such a cynical policy—they were perhaps more aggressive, but also more honest: Whatever they could not swallow, whatever they could not claim on the basis of serious historical tradition of a state (Poland, Finland, Baltic states), they let go.

There are two questions, however, which cannot be ignored: Russians outside the borders of current Russia and Russian soldiers perishing in the pacification of warring sides on foreign territories. Sooner or later these questions will have to be faced.

The Kremlin remains silent. It is afraid to say yes. It is afraid to say no. It does not want to bring the Russians home (the economic indices are deteriorating) and cannot do so (it does not know how to achieve economic success even without them). But it will help support the increasingly nationalized organs of power of the sovereign nations, theatrically lamenting that there are few Russians over there and that everyone is compelled to speak the national language there. What language should the British parliament use—Japanese? Why then should the Ukrainian one use Russian?

It is too bad that the Kremlin wall was not built by the ancestors along administrative borders of the RSFSR. It would have been simpler just to sit behind it.

Initiative Said 'Exceptionally Important'

**944Q0297B Moscow NEZAVISIMAYA GAZETA
in Russian 8 Apr 94 p 5**

[Article by V. Tishkov, director of the Institute of Ethnology and Anthropology of the Russian Academy of Sciences: "The Eurasian Union As a New Symbiosis"]

[Text] Kazakhstan is an Eurasian country even though created in its current form by the Soviet regime, it has the required legitimacy and is going through a complicated process of new nation building. The patrimony of the post-Soviet space—the doctrine of ethnonationalism as the basis of statehood—was manifested strongly in that country: half of the population, consisting of ethnic Kazakhs, in the face of its elite, formulated and in many ways realized the claim to exclusive control of power, resources, and cultural space, utilizing the thesis of "their own" statehood for "indigenous" nations. But a multiethnic nation will be unable to function on the basis of that doctrine since the other citizens under conditions of even minimal democracy will not reconcile themselves to that situation, and particularly such an ethnic group as the Russians, which is almost as large as the Kazakh group. Kazakh nationalism has already manifested its impatience and intolerance in a provocative change of toponymy,

language policy, in the barring of non-Kazakhs from power, prestigious occupations, and higher education, as well as in the immigration policy. To some degree the manifested nationalism was explicable as a form of therapy against the harm done to Kazakh people and the destruction of their collective dignity by former state regimes, as well as a means for eliminating unitary dependence on the former center. But it is impossible to build new statehood and a relationship with new fellow-citizens on the basis of this doctrine and political practice, just as it is impossible to preserve for long the contradiction in the sovereignty of a "multinational nation" and a "Kazakh nation." The time has arrived for making a choice, and that choice exists, and it can also become a model for many other new states of the former USSR.

President Nazarbayev was one of the first leaders to start speaking about his citizens in terms of a nation state—as Kazakhs, understanding both the real situation in the country, and the imperatives of world norms of state building. Kazakhstan can and must exist as a state representing the interests and rights of all of its citizens, which is on a path toward the creation of a multicultural civil nation. All who take part in the socioeconomic and cultural life of the state and are loyal to that state as their homeland, comprise the Kazakh nation. In a cultural sense the make-up of that nation has a complex character just as that of all other large nations of the world, be they the Indian, British, Spanish, or the Russian nation. Ethnic Kazakhs, as a nation, represent a competitive group in the social and cultural aspects, capable of adopting a nation-saving formula of "bilingualism on a multicultural basis" and thereby providing equality for another equally strong group—the Russians, while guaranteeing the preservation of ethnic identity for numerous minorities. That formula, without the reinforcing power of a special status, will grant benefits to Kazakhs, most of whom are bilingual and have assimilated numerous aspects of the Russian culture, which in turn promoted their modernization. That formula will end the ambiguity of the situation and compulsion with regard to those Kazakhs themselves, who utilize components of the Russian culture (in the linguistic aspect) and do not use the Kazakh language. What is most important is that it will provide promise and faith in their state for half of the population in the face of Russians and Ukrainians, relieving them of false forms of solidarity of the Cossack type and of the threat of becoming the objects of geopolitical speculations by Russian nationalism.

Kazakh national radicals, many of whom are establishing their status and prosperity not through diligence and ability but through ethnic affiliation, will not renounce their ideology since it brings power and allows exploitation of fellow-tribesmen as well as state resources as if on a "lawful" basis ("this is my land"), which is no better than former outrages. The country, however, has enough responsible and intelligent politicians and intellectuals who could follow a course toward creation of cross-ethnic social coalitions and a policy of cultural pluralism instead of racing around with ballot boxes over the territory of the former USSR collecting votes of citizens of other countries (but with Kazakh blood) in order to ensure a parliamentary

majority. Ethnic nationalism is myopic and primitive: its adherents do not care if one or another force or group is deprived of the vote, it prefers "the solution." That is an axiom of political science. Kazakhstan society, which is characterized by a high level of tolerance, has not yet been corroded that deeply by ethnonationalism which still remains an exercise of the elite elements and some of the youth. On the Russian side, most of its recruits are probably veterans, but the younger elements are also now being heard. The faster it is possible to replace it with civil nationalism, i.e. all-Kazakh patriotism, the better the future faced by that country.

The latest proposal by Nazarbayev concerning creation of the Eurasian Union appears to be exceptionally important since the powerful economic and socio-cultural symbiosis between Kazakhstan, Russia, Kyrgyzstan and a number of other post-Soviet states is preserved, and it is wiser to utilize it for common welfare of the people without its breakup by rigid borders which, at least between these three states, the politicians of our generation will not be able to impose on the population. It will not harm either the sovereignty nor the culture of the nations and may prevent some tragic errors. It is gratifying that Nazarbayev's initiative received the support of many important politicians, for example, that of Sergey Shakhray.

RF Delegation Head at Talks With Lithuania on Prospects for Ties

944Q0304A Moscow NEZAVISIMAYA GAZETA
in Russian 8 Apr 94 p 2

[Article by Viktor Isakov, ambassador-at-large and head of the Russian Federation delegation negotiating with the Lithuanian Republic: "We Do Not Intend To Forgo Russia's Interests, but We Are Ready To Go Halfway in Negotiations With Lithuania"]

[Text]

Carte Blanche

The Russian-Lithuanian negotiations have been going on for more than a year, and they have their own complex history. A key event was the withdrawal by 31 August 1993 of Russian troops from Lithuanian territory, which finally eliminated the main irritant in the relations between the Russian Federation and the Lithuanian Republic. A new stage ensued. However, the negotiating process did not get any easier.

Shortly after, a number of important agreements were signed during the visit of the head of the Russian Government to Vilnius on 18 November 1993. This event became the practical implementation of the agreement achieved in the course of the meeting of the presidents of Russia and Lithuania in Moscow on 4 November 1993.

The emphasis in the work of the Russian delegation shifted to the preparation of agreements to ensure the normal vital activity of Kaliningrad Oblast and the problems associated with this. But the Lithuanian side was in no hurry to activate the dialogue at the level of official delegations. As a result, despite our repeated appeals and proposals, the

Lithuanian partners, beginning with November of last year, stubbornly remained silent. A long break occurred in the work of the delegations, the end to which did not occur until 21-22 March of this year, when our delegations met in Moscow. It is already apparent from this how unconvincing the statements of the Lithuanian representatives sound about readiness for negotiations on any subject and the need to intensify the process of the Russian-Lithuanian negotiations. On our part, we always were for energetic work on problems on the widest possible front. It is sufficient to refer to the fact that we have already submitted two dozen drafts of various kinds of agreements.

On the whole, the March round of negotiations, in our assessment, proceeded in a sufficiently businesslike way. The Lithuanian delegation arrived in Moscow with a new membership. While in the past, a majority of its members consisted of representatives of the political opposition that had an interest in discussions of a general nature, now they have been replaced by specialists and practical workers. Despite the differences that remained between us as before in approaches to individual problems, this made it possible to work on specific questions for a great part of the time. A draft of an agreement was initiated on entry points on the Russian-Lithuanian border. In the end, a list of 12 draft agreements was coordinated that will be worked on in priority order by our delegations and corresponding working groups. On this list are drafts of agreements on cooperation in the sphere of nuclear energy, pension guarantees, principles of work activity of citizens of the Russian Federation in Lithuania and Lithuanians in Russia, and others. An agreement was reached on conducting a meeting in April in Vilnius of experts of both sides on questions of civilian motor vehicle and railroad transit, including additional work on a draft temporary agreement on mutual travel of citizens, and afterwards on a meeting of experts of the customs services of Russia and Lithuania this month in Moscow. We would like to count on a positive outcome of these negotiations, keeping in mind that at the end of April and the beginning of May our delegations could conclude work on yet another group of drafts that regulate questions of civilian traffic to and from Kaliningrad Oblast. But if this is not done, then the position will prevail that results in the dissatisfaction of both sides. There still remain for us inconveniences and difficulties of visas, customs, and other areas in the sphere of transit, especially motor vehicle, through Lithuanian territory. But the Lithuanian side, in its turn, cites our failure to put into effect an agreement signed on trade and economic relations. At the same time, it seems to have practically forgotten the provisions of the Russian-Lithuanian declaration of 30 August 1993, and also the package of agreements at a working meeting of the Russian and Lithuanian presidents in Moscow on 4 November of the same year. After all, at that time there was talk not only about the need to come to an agreement in the sphere of transport and about Russian military pensioners, but also about accelerating work to conclude agreements about guaranteeing the normal vital activity of Kaliningrad Oblast. But, after all, it is precisely the latter that do not

exist to this day. Russia still has not been answered on these questions with reciprocity. Therefore, under the situation that has developed, it would be pointless to count on the immediate enactment of an agreement on trade and economic relations in which Lithuania would receive most favorable treatment in trade with Russia

It is especially necessary to talk about Russian military transit to Kaliningrad Oblast and from it through Lithuanian territory. For the time being, it exists on the basis of our verbal agreements. The Lithuanian side also proceeds on the basis of provisions of the agreement on the transit of troops and military freight of the Russian Federation being pulled out of the FRG(!) On the one hand, Lithuania seems not to deny the reasonableness of the endeavors of Russia to maintain unobstructed communications with part of its own territory, which Kaliningrad Oblast is. On the other hand, the Lithuanian side does not conceal its desire to come to an agreement about the organization of Russian military transportation exactly on the basis of a bilateral agreement (we have already turned over our draft of such an agreement). Judging by everything, the matter is moving now to the adoption by the Lithuanian authorities of some kind of unilateral decisions that establish the rules for the shipment of military and dangerous freight of any foreign states over the territory of the Lithuanian Republic. But about what kinds of more or less significant foreign military shipments, other than Russian, can there be a realistic discussion? An attempt is also being made now to neutralize the need for a bilateral agreement on this question in Lithuania with the help of the expression of "concern" regarding the alleged excessive presence of military troops in Kaliningrad Oblast—a kind of threat to the security of Lithuania. In addition, it is true, at least official Vilnius admits that it does not sense "any kinds of aggressive efforts of Russia, and any kind of real threat on its part." From our standpoint, even given the presence of some kinds of general rules, our countries, nevertheless, should establish in a treaty procedure the conditions for Russian servicemen and freight to transit through Lithuanian territory.

We are also conducting negotiations on the delimitation of borders between the Russian Federation and the Lithuanian Republic. Although statements have been made repeatedly in Vilnius about Lithuania's lack of any kind of territorial claims on Russia, the position of the Lithuanian side on the demarcation of the territorial sea, which, from our standpoint, contradicts the UN convention of 1982 on maritime law, is beginning to create certain difficulties in the negotiations.

Finally, I would like to touch on one more subject that is continuously present in Russian-Lithuanian negotiations. These are problems that directly affect the life of ethnic Russians in the Lithuanian Republic (the Lithuanian delegation, on its part, comes out with various kinds of claims against us). In Lithuania, as is known, it was possible to avoid serious complications on national questions and on questions of citizenship. However, this does not entirely mean that there are no difficulties at all in this sphere. They simply have another character than, for example, in

Latvia and Estonia. It must be noted that the Lithuanian side, despite our proposals, has already been refusing over the course of a long time to examine the draft of an agreement on cooperation for the purposes of ensuring the rights of ethnic, linguistic, cultural, and religious minorities. At the same time, references are made to pertinent legislative acts in effect in Lithuania that meet generally acceptable international norms. From our standpoint, the presence of any kind of national decrees does not at all rule out the possibility of a bilateral agreement between the Russian Federation and the Lithuanian Republic. Moreover, if our approaches to guaranteeing the rights of

minorities are really close or coincide, this fact would only facilitate the achievement of an agreement on this score.

In conclusion, I would like to note that on the whole we look with optimism to the prospects of Russian-Lithuanian negotiations. I am convinced that, despite all of the difficulties and problems, our countries have real opportunities for the development of mutually beneficial good neighbor relations. Without forgoing Russia's interests, our delegation is ready to go halfway to meet the necessary agreements for expanding and strengthening the treaty and legal bases of Russian-Lithuanian relations.

POLITICAL AFFAIRS**Left Seen Lining Up Against President**
*944K1065A Moscow NEZAVISIMAYA GAZETA
in Russian 5 Apr 94 p 3*

[Article by Vladimir Skachko: "Ivan Plyushch: 'He Who Has the Power Has the Key to Paradise'—Elections Continue"]

[Text] By decision of district electoral commissions, repeat elections of Ukrainian people's deputies were held in 33 districts of eight oblasts in Ukraine. According to Central Electoral Commission [CEC] data, on 3 April elections took place in 30 districts, with a high voter turnout. CEC Chairman Ivan Yemets, in particular, reported that 81 percent of voters cast their ballots in Gusyatinskiy District in Ternopol Oblast; 78 percent—in Izoslavskiy District in Khmelnitsk Oblast; and so on. According to preliminary data, elected on 3 April were: scientist Vasiliy Kostitskiy, a national-democrat close to Rukh, in Ivano-Frankovsk Oblast; the leader of Ukrainian socialists, Aleksandr Moroz (Kiev Oblast); and Vladimir Bortnik, a representative of the so-called "party of power" and head of the Ukragrotekhservis concern.

Repeat elections confirmed the current disposition of political forces in Ukraine and voters' preferences for some or other political forces. The second round also confirmed the personal confrontation between the leaders of two branches of power—parliament Speaker Ivan Plyushch and President Leonid Kravchuk—which has been increasingly gaining momentum lately. The latter and his team justly saw in the fact of parliamentary elections and the election of a new Supreme Council a threat to the very existence of strong, practically unlimited presidential power in Ukraine. As is known, the first thing the new parliament is expected to do, in the words of current Speaker Ivan Plyushch, is adopt a law on the president of Ukraine's new powers. It is envisaged that he will be only a head of state with purely representative functions, and therefore moving presidential elections from 26 June of this year to a later date—which Leonid Kravchuk and his entourage insist on—is out of the question.

Some political forces—both old and new—also speak for a variety of reasons against strong presidential authority. In particular, the communists and socialists declared through their leaders that they see abolishing the institution of the presidency in Ukraine as the final goal of their parliamentary activities. Their reckoning is simple: Behind the backs of the resurrected soviets one can also restore a firm vertical line of party-communist omnipotence. Many regional economic managers, too, would like to see a weaker presidential authority, justifiably seeing in it the strengthening of the functions of the Kiev center taking the place of the Moscow one. The only forces that unconditionally support strong presidential authority are those that associate with it the conduct of a reformist course. The presidential team apparently took this circumstance into consideration only lately, and for this reason made several steps in the direction of privatization. In particular, on 1

April the parliament's newspaper GOLOS UKRAINY published a list of 150 enterprises whose stock Ukrainian citizens can buy with their privatization certificates, as well as procedures for conducting this operation and samples of the documentation needed. The publication of these documents looks more like an April's Fool joke than real help in privatization or its actual implementation, since Ukraine still lacks a network of investment funds, brokerage offices, and other institutions servicing the process of denationalization; the road of the privatization certificate to the object of privatization, on the other hand, is difficult and convoluted because of various paperwork formalities.

Parliament Speaker Ivan Plyushch permitted himself a sharp personal attack against Leonid Kravchuk at an election precinct during the voting on 27 March, and is still in a fighting mood. Over the past week the mass media showed several times a recorded interview in which Ivan Plyushch urged Ukrainian citizens to participate in the second round of elections. He also urged the citizens to decide where they stand politically without squandering more money on the conduct of repeat elections. And on 3 April on Ukrainian television Plyushch said: "You have to show up and vote—this is best in every respect. We have neither the money for repeat elections, nor the need, nor the time to hold them. I appeal to all people of Ukraine; I plead; I bow deep to them: Come, cast a repeat vote, elect deputies. Whom you elect is your business. I want to say once again: He who has the power has the key to paradise. Now the people have the power. Whom you will pass this power to will be determined in the repeat elections."

Official Says Chernobyl More Reliable Than Other Plants

*AU1904140894 Hamburg DER SPIEGEL in German
18 Apr 94 p 142*

[Interview with Ukrainian Vasylchenko, chief engineer and director general of the Chernobyl nuclear power plant, by DER SPIEGEL; place and date not given: "I Am Not Afraid"]

[Text]

[DER SPIEGEL] Eight years after the Chernobyl catastrophe, two of the four reactors are still in operation. When will you switch the nuclear power plant off?

[Vasylchenko] I think that the excitement is not justified. Chernobyl is working more reliably than all other nuclear power plants in Ukraine.

[DER SPIEGEL] However, the International Atomic Energy Agency (IAEA) attests to numerous safety faults...

[Vasylchenko] ...only in a press statement that was not, as promised, conveyed to us in advance. However, apart from the known problems, the IAEA inspection team that visited us in March did not ascertain any new faults in the basic design of this reactor in its report.

[DER SPIEGEL] The inspectors are warning against difficult working conditions.

[Vasylchenko] What is meant by that? I do not know any.

[DER SPIEGEL] Last year alone, 150 specialists left the plant, many went to Russia. Your predecessor, a Russian, abandoned his post under mysterious circumstances and disappeared into a sanatorium.

[Vasylchenko] We replaced the persons who had left by no-less qualified employees.

[DER SPIEGEL] Many experts doubt this. You depend on Russia's spare part deliveries.

[Vasylchenko] This is no problem for the power plant. The Russian enterprises would supply everything if only the money were available for it.

[DER SPIEGEL] You do not have it.

[Vasylchenko] The safety standard is not lower than in other reactors of the same type in Russia and it is even higher in several respects. In no other reactor has so comprehensive work been done to increase safety.

[DER SPIEGEL] Nevertheless, compared to other nuclear reactor types, Chernobyl continues to be extremely dangerous.

[Vasylchenko] The United States and Germany can afford higher safety standards, while Ukraine can only afford a lower one. This was also laid down in the IAEA documents. If it were switched off, my people would become even poorer.

[DER SPIEGEL] The fear of a new catastrophe is unfounded?

[Vasylchenko] Those who are alarmed only show that they are not familiar enough with the matter. I worked in Chernobyl before the accident, I have worked there after it from the first day onward, and I am not afraid.

[DER SPIEGEL] This sounds very cynical; 2,500 of the workers who were employed there after the melting of the core died; more than 50,000 people have fallen ill. Now IAEA inspectors are fearing a new catastrophe because the sarcophagus has cracks and is in danger of collapsing.

[Vasylchenko] According to my assessment, the sarcophagus is no less stable than at the time of its construction.

[DER SPIEGEL] Chernobyl covers only 7 percent of the national power demand. Could Ukraine not do without Chernobyl by savings, for example, the installation of counters in apartments and a slight electricity price increase, which is very cheap?

[Vasylchenko] If one talks of closing down Chernobyl, one has to talk about closing down all RBMK reactors in Russia and Lithuania. I myself would be very glad if further reactor blocks were built in my city. They would probably be even safer.

Meshkov Views Crimean, Ukrainian Issues

944K1094A Moscow ARGUMENTY I FAKTY
in Russian No 15, Apr 94 p 3

[Interview with President of the Republic of Crimea Yuriy Meshkov by Andrey Uglanov; place and date not given: "Where the 'Crimean Island' Is Floating. Yu. Meshkov: 'Easy, Gentlemen, Easy!'"]

[Text] *"If you happen to have been born in the Empire, it is best to live in a remote province on the sea." These lines from the poem by I. Brodskiy can no longer (or for now) apply to the residents of the Crimea. The former recreation zone of the great empire has been transformed into a disputed zone and, unexpectedly, with no prior indication, has acquired its own constitution, parliament, and president. People are not being shot here; things have become even quieter. But what will happen tomorrow depends on too many factors and above all whether Ukraine and Russia will continue to move further and further away from one another.*

Today we are speaking with the president of the Republic of Crimea, Yuriy Meshkov. He was born in 1945. His father is a Don Cossack, his mother—a Ukrainian, and his wife—a Russian. He has a daughter 23 and a son 13. He served in the border guards, graduated from the law department of Moscow State University, and has worked as a sailor, an investigator, and a lawyer.

[Uglanov] Yuriy Aleksandrovich, in Kiev they call you a separatist. Does that offend you?

[Meshkov] The only people in Kiev who call me a separatist are representatives of the Ukrainian Nationalist Party. (Their influence is rated at 0.3 percent.) The rest of the residents support our goals—solving crucial economic problems. If the Ukrainian government were also interested in improving the life of the people, it would never have proceeded toward isolation from Russia. From an economic standpoint that was suicide. But the government came to power relying on nationalistic structures, and now the sad result of the ill-considered economic policy of the Ukrainian leaders is so apparent that one might say that the question of its fate has already been decided.

Unfortunately the government of Ukraine is still not accepting the changes in the consciousness of the people of Ukraine. Especially in the left-bank, eastern part of the country where nationalism has always been something alien to the people.

[Uglanov] Your sharp statements are evoking a fairly painful reaction from Kiev. Are you not afraid that they will arrest you?

[Meshkov] Since the time when I was serving on the border I have stopped fearing anything in this world except for the loss of my loved ones. Everything else is unessential when there is a grand purpose for which it is worthwhile to do something personal. This is not the ranting of a fanatic. This is about our republic's freedom.

[Uglanov] Can you imagine the Crimea as a zone of military operations?

[Meshkov] No. There are no forces inside the Crimea capable of provoking a conflict and there are no preconditions for one. And we have an aversion to anything that detracts from solving crucial problems. And in general Crimeans are preparing for the beginning of the vacation season.

[Uglanov] Not everything depends on you alone. What political changes, in your view, must take place in Kiev in order for the Crimea not to become a "hot spot"?

[Meshkov] Reasonable people must come to power. But now the people in power are accomplished politicians, virtuosos. While professing one ideology, they rely on forces which they previously destroyed, although they helped them to get in power. There has probably never been more of this in world history. You cannot deny that these politicians have intelligence, trickiness, and treachery.

Today we must have people in power who reflect the objective interests of the citizens and the economy of Ukraine. We will have no problems with them. It is clear that both before and after 1954 the people of the Crimea remained a part of the people of Russia. You can write whatever you want to on the map of the Crimea and depict it with any symbols, and you can even stamp it with a trident—but that will change nothing in our consciousness!

[Uglanov] How do you envision the future of Ukraine?

[Meshkov] Reasonable people have one path. Either all of Ukraine will follow the path of the Crimea or they will be doomed to even greater troubles than they have now. As they say here, they are "sick of everything"—the orgy of nationalism and the waving of flags and tridents. This is no longer accepted.

[Uglanov] Whom would you like to see in the post of president of Ukraine; whom would it be easiest for you to talk to?

[Meshkov] In general I find it easiest to speak with the leaders of Russia.

[Uglanov] As president of the Crimea are you counting on support from the Black Sea Fleet in the event of a critical situation?

[Meshkov] In such situations an immense number of people gather in front of your building. And this is taken into account in Kiev.

[Uglanov] You just reacted very sharply to the appointment from Kiev of a Crimean deputy. But in all Russian oblasts there are representatives of the president of the Russian Federation, and nothing is said.

[Meshkov] In the oblasts, but not in the republics. Tatarstan, for example, has its own president and an agreement has been concluded with Russia for division of authority. But what is happening here? When there is a nationally elected president, suddenly there appears an individual authorized to oversee his actions and "represent the Republic of Crimea at the international level"(!) That is going too far.

[Uglanov] I see that you have portraits hanging in your office...

[Meshkov] Yes, that is Peter the First and Count Vorontsov.

[Uglanov] Well, that is probably enough about politics. As the chief of the executive power, answer a good old question: How is the planting going? Or is there no time for it what with all the rallies?

[Meshkov] I must answer joyfully. The planting has been more than successful. There was a difficult situation with fuel, equipment, and seeds. They rushed around the fields trying to solve these problems. Now I am calm: The problem of the harvest was solved in the stage of planting.

[Uglanov] But there is a fuel shortage in Ukraine.

[Meshkov] This is true. But we have no problems with fuel, and its price has dropped by almost half. Measures of an economic nature have been taken. So people may come to the Crimea with their own vehicles—there will be no problem refueling. If, of course, they manage to get across Ukraine.

[Uglanov] And what about food products?

[Meshkov] Help yourself—we have it all: to drink and to eat. Incidentally, we are negotiating with the Russian Ministry of Railways to reduce summer fares and railroad tickets. So if you buy a ticket and put down enough rubles to meet Russian standards, your capital will increase 20-fold here and your level of vacation will be tops. Unfortunately, there might be only one peaceful place for Russians to rest—the Crimea. Normal, Russian, homey. With doors open wide, the Crimeans receive vacationers with any kind of purses.

[Uglanov] Is Foros also open to guests?

[Meshkov] M.S. Gorbachev's dacha is being protected (for no good reason) by L. Kravchuk's personal guard. We will do everything we can to open up this historic place.

[Uglanov] They say you are experiencing friction with Prime Minister Ye. Saburov.

[Meshkov] Yes, everything is normal. That is one of the tasks of the special services—to create an uneasy situation. At certain stages they are successful. But on the whole we are working together.

ECONOMIC AFFAIRS

State Privatization Program for 1994

Text of Law

944K0955A Kiev HOLOS UKRAYINY in Ukrainian
18 Mar 94 pp 5-9

[Text of program under the rubric "The Laws of the Independent State"]

[Text]

State Privatization Program for the Year 1994

The State Privatization Program for the Year 1994 (hereinafter, the Program) has been developed in accordance with the Law of Ukraine "The Privatization of the Property of State Enterprises," and is directed toward the widespread development of the privatization of the property of state enterprises.

Part 1. Conditions for the Conduct of Privatization

Section 1. Priorities of Privatization

Based on the results of the privatization process in 1992-93, the following priorities have been defined for the realization of state policy in the sphere of privatization:

- the widespread pursuit of privatization of subjects in groups A and E;
- the launch of privatization for subjects in groups B, C and D;
- the assurance of the participation of citizens of Ukraine in privatization through their use of privatization deposit accounts;
- the development of the market infrastructure;
- the creation of conditions for making the privatization process and the post-privatization functioning of the enterprises more energetic;
- the creation of conditions for the participation of foreign investors in privatization;
- the coordination of the processes of privatization of property that is under nationwide, republic (Republic of Crimea) and municipal ownership, and the conduct of organizational and financial measures with that aim.

The tasks of the Program are mandatory for fulfillment by central and local bodies of state executive authority and bodies of regional and local self-government.

Section 2. The Subjects of Privatization

2.1. The subjects of privatization are categorized by groups based on the initial (balance-sheet) value of the fixed capital as indicated in the balance-sheet account for the quarter that preceded the date of the decision by the privatization body on the privatization of that subject (hereinafter, the value) and qualitative features. The subjects are categorized as follows:

Group A—subjects whose value does not exceed 700 million karbovantsi in prices for 1 August 1993 (aside from the enterprises of group D);

Group B—subjects whose value was from 700 million to 45 billion karbovantsi in prices for 1 August 1993, and the portion of the value of the capital per worker does not exceed the nominal value of a privatization property certificate by more than 1.5 times (aside from the enterprises of group D);

Group C—subjects whose value was from 700 million to 45 billion karbovantsi in prices for 1 August 1993, and the portion of value of the capital per worker exceeds the nominal value of a privatization property certificate by more than 1.5 times (aside from the enterprises of group D);

Group D—monopoly enterprises that are designated as such under established procedure regardless of their value; enterprises in the military-industrial complex that are subject to conversion in accordance with the corresponding program regardless of their value; enterprises whose privatization is being carried out with the enlistment of foreign investments under international treaties of Ukraine, regardless of their value; enterprises whose value exceeds 45 billion karbovantsi;

Group E—mothballed subjects and subjects of incomplete construction; the property of liquidated enterprises;

Group F—portions (shares, shares of stock) that belong to the state of the property of enterprises that are under mixed forms of ownership.

In case of the indexing of the balance-sheet value of the fixed capital, the amount of the value by which the categorization of the subjects of privatization is accomplished is increased by the indexing factor of the privatization property certificates.

2.2. Subjects that have the greatest impact on the development of the consumer market, as well as those whose presence under state ownership is restraining the process of financial stabilization and slowing economic development and the formation of a market economy, are subject to priority privatization. These subjects include:

- enterprises in retail trade, public catering and domestic services;
- operations enterprises in housing and municipal services, including enterprises of the housing and hotel industries, and enterprises that work in providing amenities for populated areas and perform repair and building activity;
- construction organizations and enterprises in the building-materials industry;
- enterprises in the food industry, as well as enterprises that specialize in the processing of agricultural products and service support for agricultural

- production and produce products for production and technical purposes for the agrarian sector;
- enterprises of local industry;
- enterprises of the timber and light industries;
- enterprises of general-purpose trucking and taxi fleets;
- enterprises of tractor and agricultural machine building, as well as those that manufacture equipment for the enterprises of trade, public catering, domestic services and housing and municipal services;
- enterprises for material and technical supply.

Also subject to priority privatization are:

- unprofitable enterprises in all sectors, if their unprofitability is not caused by the use of state fixed and regulated prices and rates;
- enterprises that have fixed capital whose overall physical depreciation exceeds 70 percent;
- mothballed subjects;
- subjects of incomplete construction that were financed out of state capital investments and subsidies from state or local budgets, as well as those whose construction time periods have already expired.

The decision to privatize those subjects is made by the privatization bodies at their own initiative.

In the case of the privatization of organizations and enterprises in the construction complex, the detachment of structural subdivisions from their composition is not permitted if that could lead to the disruption of production and technological processes.

2.3. Not subject to privatization are:

- the property of bodies of state executive authority and administration (aside from the property complexes or separate property that supports the activity of the Supreme Soviet of Ukraine, the President of Ukraine or the Cabinet of Ministers of Ukraine, with the appropriate permission of the indicated bodies), the property of the armed forces, the National Guard, the Security Service, the Border Troops, law-enforcement and customs bodies, the property of the State Militarized Mine-Rescue Service of the coal industry, or subjects of the National Space Agency under the Cabinet of Ministers of Ukraine;
- gold and other currency funds and reserves and state material reserves;
- the emissions system, and enterprises and institutions that provide for the issue and safekeeping of currency notes and securities;
- television and radio broadcasting centers;
- aerial navigation subjects;
- the enterprises of geological, cartographic and hydrometeorological services, and services for monitoring the state of the environment;
- institutions for education, physical fitness, sports and science that are financed from the budget, as well as subdivisions that are technologically associated with the educational and scientific process (aside from institutions of education, physical fitness and sports that belong to enterprises and agencies and may be privatized provided their purpose is maintained);
- subjects for culture, art, architecture and memorial complexes, preserves, parks etc. that have general national significance;
- leading book and newspaper publishers, enterprises in printing and other organizations (with a special list coordinated by the State Committee on the Affairs of Publishing, Printing and Book Distribution with the State Property Fund);
- subjects in the state systems of standardization, metrology and certification of products;
- enterprises for the manufacture and repair of all types of weaponry and other military matériel, and enterprises that produce explosives and conduct blast-drilling operations;
- enterprises for the production of narcotic, bacteriological, biological, psychotropic and fast-acting chemicals and poisons;
- crematoria and cemeteries;
- motor roads of state significance;
- subway systems and urban electric transport;
- trunk electrical-transmission lines, oil and gas pipelines and other subjects of pipeline transport;
- subjects in the engineering infrastructure and amenities for cities, including networks, structures and equipment that are associated with the production and delivery to consumers of water, gas and heat, as well as the removal and treatment of waste water;
- land-reclamation and protective structures and reservoirs, and the property of the organizations that operate them;
- vehicles on which equipment is installed for the performance of special operations (refueling aircraft, aircraft fitted for photography, specially fitted railroad cars, fire trucks etc.);
- enterprises that manufacture alcohol, wine and liquor products;
- anti-radiation structures;
- grain-receiving and bread-preparing enterprises;
- port structures, the training and hydrographic fleet, and the property of navigational inspectorates;

- yards, buildings, structures and equipment for the burial of solid industrial and domestic wastes, livestock burial areas and veterinary-sanitary subjects;
 - enterprises for forest renewal, forest cultivation and the protection of the forest;
 - enterprises in the salt industry;
 - subjects located on the territories on zones of alienation and unconditional mandatory depopulation in accordance with the Law of Ukraine "The Status of Territories That Have Suffered Radioactive Contamination as a Consequence of the Accident at the Chornobyl AES [Nuclear Power Plant];"
 - the Kiev Izumrud Production Association, the Vinnytsya Krystal Plant and the Zhydachiv Paper and Cellulose Plant.
- 2.4. The subjects in group D are privatized in coordination with the Cabinet of Ministers of Ukraine, as are:
- the subjects of civil defense that are subject to retrofitting; enterprises in nuclear machine building;
 - specialized elevators, refrigeration units, and subjects of the storage complex that provide accommodation for state reserves and the safekeeping of mobilization reserves;
 - enterprises that process ores of precious metals, precious and semiprecious stones, radioactive and rare earth elements;
 - enterprises and associations in the fuel-and-power complex, including coal, oil and gas refining enterprises and organizations, subjects in oil-products supply and oil tank farms that have inter-oblast and nationwide significance;
 - maintenance, repair and other enterprises of public surface rail transport, aviation, maritime and internal water transport and the motor-vehicle system (with the exception of those included in paragraph 2.2 of this section);
 - public urban and suburban passenger motor transport;
 - motor-transport enterprises that have mobilization assignments;
 - enterprises and subjects of electric power engineering and hydroelectric power plants;
 - enterprises for the production of medical hardware and medical items of glass, porcelain and plastics, and enterprises in the chemical and pharmaceutical industries;
 - sector lead and territorial scientific-research, design engineering, planning and design and industrial-engineering organizations, and subordinate restoration enterprises;
 - television centers and radio centers;
 - enterprises in the paper and cellulose industry;
 - enterprises in the sugar and oils-and-fats industry;
 - bread combines, bread-baking plants and pasta factories;
 - machinery test stations;
 - enterprises, organizations and institutions of state veterinary medicine and Ukrzoovetpostach;
 - seed and breeding plants and enterprises, horse farms, selection and hybrid centers, sorting and testing stations and divisions and scientific-research organizations;
 - fish spawning and cultivating farms;
 - fisheries and land-reclamation stations.
- 2.5. The privatization of the structural subdivisions of enterprises—shops, sections etc. (hereinafter, subdivisions)—is accomplished under the procedure established by the State Property Fund of Ukraine and the Anti-Monopoly Committee of Ukraine.
- Structural entities of these associations that have not gained their status in accordance with prevailing legislation may also be privatized separately.
- 2.6. The restrictions pertaining to the privatization of the enterprises indicated in paragraphs 2.3 and 2.4 do not extend to structural subdivisions that are not part of the basic activity profile of those enterprises.
- 2.7. Facilities in the banking sphere, for social and cultural purposes and of the Ukrainian State Insurance Commercial Organization are privatized on the basis of decisions of the Cabinet of Ministers of Ukraine that are made in accordance with prevailing legislation.
- ### Section 3. Specific Sector Features of Privatization
- 3.1. The Ministry of Economics of Ukraine, the Ministry of Statistics of Ukraine, the State Property Fund of Ukraine, the Anti-Monopoly Committee of Ukraine and other ministries and agencies, in conjunction with the Government of the Republic of Crimea and the oblast and Kiev and Sevastopol city state administrations, provide for the performance of sector analysis of the economy and the utilization of its results during the making of decisions pertaining to the privatization of certain subjects in the corresponding sectors of the economy.
- Interagency commissions are created to conduct the sector analysis, and which operate in the corresponding sectors in accordance with Decree No. 602 of the Cabinet of Ministers of Ukraine, "The Performance of Sector Analysis of the Economy."
- 3.2. The interagency commissions, using the results of sector analysis, develop a conceptual framework for the privatization of enterprises in various sectors (areas) of the economy, which shall contain proposals with regard to:

- the methods of privatization;
- the sequence, rate and scope of privatization of enterprises with a regard for existing economic ties and the level of monopoly in the sector;
- the conditions for the privatization of subjects in group D;
- the list of subjects that are subject to privatization with the enlistment of foreign investors;
- the list of subjects, controlling blocks of stock in which are subject to sale on a competitive basis or remain under state ownership;
- the procedure for the sale of shares of stock in corporatized enterprises;
- the conditions for the privatization of subjects in group D;
- the privatization of subjects in the sector or certain enterprises for social and cultural purposes;
- the methods of preparing for privatization;
- indication of the requirements for the activity of privatized enterprises and the forms of monitoring the upholding of those requirements.

The indicated conceptual frameworks are to be developed within a year according to schedules determined by the Cabinet of Ministers of Ukraine and approved by joint resolution of the State Property Fund of Ukraine, the Ministry of Economics of Ukraine, the Anti-Monopoly Committee of Ukraine and the corresponding ministry.

Section 4. Methods of Preparing Enterprises for Privatization

- 4.1. The following methods of preparing enterprises for privatization are employed in order to ensure the effectiveness of that process:
 - corporatization of enterprises;
 - dissolution of enterprises that have been deemed bankrupt;
 - the financial rejuvenation of enterprises;
 - the commercialization of certain subdivisions of enterprises.
- 4.2. Corporatization is the transformation of a state enterprise, in accordance with Edict No. 210/93 of the President of Ukraine of 15 June 1993, into an open joint-stock company whose shares of stock belong to the state, and whose founder is the corresponding body authorized to manage state property.
- 4.3. The dissolution of an enterprise that has been deemed bankrupt in accordance with the Law of Ukraine "Bankruptcy," is performed with the aim of eliminating the state debts of that enterprise through the sale of the property belonging to it.

The property of a bankrupt enterprise being dissolved that remains after the satisfaction of the demands of creditors and wage settlements with members of the workforce of that enterprise is subject to privatization.

4.4. The financial rejuvenation of an enterprise may be accomplished by means of:

- the performance of financial measures in accordance with the Statute on the Procedure for the Financial Rejuvenation of State Enterprises approved by the Cabinet of Ministers of Ukraine;
- mandatory changes in the organizational structure of the enterprise via the spin-off of property whose upkeep is causing losses;
- transfers of the state portions of the property of enterprises from a mixed form of ownership under a procedure defined by prevailing legislation under proxy management to non-state legal persons in order to improve the financial standing of that enterprise.

4.5. Commercialization is the gaining of the status of a legal person in accordance with prevailing legislation by the structural subdivisions of enterprises in trade, public catering and domestic services.

Section 5. Procedure for the Privatization of Various Groups of Subjects

5.1. Procedure for the privatization of subjects in groups A and E

5.1.1. The State Property Fund of Ukraine and the privatization bodies of the Republic of Crimea and the administrative-territorial entities:

- compose each month, at the recommendation of ministries, agencies and other organizations authorized to manage state property, lists of the subjects in group A (not less than 2,000 entities) and publish them in information bulletins and in the city or rayon press according to the locations of the subject of privatization;
- determine and employ, on the basis of a review of applications received from purchasers, the methods of privatization of subjects in this group in accordance with the Statute on the Employment of Methods of the Privatization of the Property of State Enterprises as approved by the State Property Fund of Ukraine.

5.1.2. An association of buyers created by the employees of a subject of small-scale privatization that did not become its owner, in a case of the application of competitive methods of privatization, receives full monetary compensation for subjects for social and domestic purposes created at the expense of funds from the social development fund of the enterprise that is being privatized (or analogous fund),

and distributes among the members of the association non-personified (non-utilized) profits that remain at the disposal of the enterprise at the moment of privatization. The indicated amount is paid from the extrabudgetary privatization funds under a procedure that is established by the State Property Fund of Ukraine.

5.1.3. Facilities in group E as defined in accordance with Edict 456/93 of the President of Ukraine of 14 October 1993, "The Privatization of Facilities of Unfinished Construction," are privatized under the procedure envisaged by this Law. The privatization of other subjects of unfinished construction is accomplished according to the results of a review by privatization bodies of the corresponding privatization applications of those subjects.

The State Property Fund of Ukraine publishes each month lists of 40 subjects in this group, and the privatization bodies of the Republic of Crimea and administrative-territorial bodies, 100 subjects.

The property of liquidated enterprises is sold at auctions and on a competitive basis.

The subjects of incomplete construction that are under republic (Republic of Crimea) or municipal ownership, for which the privatization bodies of the Republic of Crimea and the administrative-territorial bodies have not made a decision within six months after their mothballing or the curtailment of construction, are privatized by the State Property Fund of Ukraine in accordance with Decree No. 894 of the Cabinet of Ministers of Ukraine of 1 November 1993.

5.2. Procedure for the privatization of subjects in groups B, C and D

5.2.1. During the privatization of subjects in groups B, C and D, the privatization bodies realize plans for the placement of shares of stock that are developed in accordance with the Statute on Privatization Plans that is approved by the State Property Fund of Ukraine.

These plans provide for the priority sale of shares of stock to citizens of Ukraine and financial intermediaries through privatization vouchers in accordance with the Statute on the Employment of Methods of the Privatization of the Property of State Enterprises as approved by the State Property Fund of Ukraine.

The privatization of subjects in group B is accomplished by means of the sale of property of state enterprises by the labor collectives of those enterprises by decision of the labor collective.

The plans for the placement of shares of stock for privatization are composed with a regard for the results of the sector analysis of the economy and business plans that come from strategic investors.

Strategic investors are defined as legal persons that are purchasers in accordance with Article 8 of the Law of Ukraine "Privatization of the Property of State Enterprises," produce products that are analogous to state enterprises or technologically associated with them, assume the obligation of additional investment after privatization and have expressed a desire to acquire their property complexes or controlling blocks of stock of open joint-stock companies being privatized.

A business plan is defined as a document that contains the obligations of the buyers with regard to the further operation of the subject of privatization and substantiation of their capabilities to fulfill it in accordance with the requirements established by the State Property Fund of Ukraine.

5.2.2. Over 1994 privatization bodies will carry out the sale of shares of stock of 8,000 joint-stock companies founded in the process of privatization and corporatization through privatization vouchers only in two stages: the first from 1 January through 30 June, and the second from 1 July through 31 December.

5.2.3. Preparation for the first stage is conducted under the procedure defined by the Cabinet of Ministers of Ukraine. The sale to citizens of Ukraine and financial intermediaries, for privatization property certificates, of shares of stock of 90 open joint-stock companies created in the process of corporatization and 210 in the process of privatization will be launched as of 1 January therein.

The sale of shares of stock according to the plan for the placement of shares for funds is carried out by the privatization bodies only after the completion of the first stage of their sale for privatization vouchers (aside from the preferential sale to the employees of the enterprise) for the duration of the subsequent stages.

5.2.4. Preparation for the second stage of sale of the shares of stock is conducted under the following procedure:

a) the State Property Fund of Ukraine and the privatization bodies of the Republic of Crimea and the administrative-territorial entities:

—compose lists of 2,000 open joint-stock companies created during the process of privatization, and 1,500 in the process of corporatization, by 5 April;

- publish that list in information bulletins and other published mass media, and create commissions for the privatization of corporatized enterprises, by 15 April;
 - approve plans for the privatization of corporatized enterprises by 15 June;
 - publish notices in information bulletins and other published mass media on the open sale of shares of stock of the indicated joint-stock companies for privatization vouchers by 1 July;
 - create commissions for the sale of shares of stock;
 - b) the ministries and other bodies under the Cabinet of Ministers of Ukraine that are authorized to manage property that is under nationwide ownership:
 - submit for the approval of the State Property Fund of Ukraine a list of 1,500 open joint-stock companies formed by them in the process of corporatization by 1 April;
 - transfer to the State Property Fund of Ukraine shares of stock of the indicated open joint-stock companies in accordance with the targets established by this Program by 1 June;
 - c) subordinate commissions on issues of the performance of sector analysis of the economy submit to the State Property Fund of Ukraine proposals with regard to the plans for the placement of shares of stock of corporatized enterprises by 15 May;
 - d) the privatization bodies of the Republic of Crimea and administrative-territorial entities submit to the State Property Fund of Ukraine plans for the placement of shares of stock and information on the issue of shares of 800 open joint-stock companies created in the process of privatization and corporatization of enterprises that are under municipal ownership and are registered with the local financial bodies, with the aim of organizing the widespread informing of the public on the open sale of those shares of stock, by 1 June.
- 5.2.5. In case of a decision on the sale of integral property complexes on a competitive basis or the sale of controlling blocks of stock with the execution by purchasers of transactions for the acquisition of subjects using funds belonging to them or borrowed, the privatization bodies organize the holding of such competitions over July—October. The privatization bodies for that purpose in June:**
- define the terms for conducting the competitions, with a regard for the proposals of interagency commissions on issues of sector analysis of the economy and local Soviets of People's Deputies;
 - publish notices on the competitions for the sale of controlling blocks of stock in information bulletins and other published mass media;
 - create competition commissions that organize competitions in accordance with the Statute on the Employment of Methods of the Privatization of the Property of State Enterprises as approved by the State Property Fund of Ukraine.
- 5.2.6. The second stage in the sale of shares of stock in 1,500 open joint-stock companies created during privatization and 2,000 created in the process of privatization to citizens of Ukraine for privatization property certificates begins on 1 July.**
- The privatization bodies, in conjunction with the Ministry of Economics and other bodies authorized to manage state property, prepare for the third stage of the open sale of shares of stock for privatization vouchers, which begins on 1 January 1995.
- 5.3. Specific features of privatization of certain subjects in groups B, C and D**
- 5.3.1. The privatization of subjects in group D is accomplished according to privatization plans under the procedure defined by Decree No. 123 of the Cabinet of Ministers of Ukraine of 18 February 1993, "Approval of the Procedure for Coordination With the Cabinet of Ministers of Ukraine for the Privatization of Certain Subjects of State Ownership."**
- 5.3.2. The privatization bodies will appeal to lessors with a proposal for the privatization of the property leased by them as of 1 June 1994.**
- The privatization of state property that has been leased is accomplished in accordance with the prevailing legislation of Ukraine.
- The valuation of leased property that is being privatized is accomplished using the technique approved by Cabinet of Ministers of Ukraine Decree No. 717 of 8 September 1993.
- 5.3.3. The privatization of enterprises in the agro-industrial complex is performed in accordance with Cabinet of Ministers of Ukraine Decree No. 51-93 of 17 May 1993, "Specific Features of Privatization in the Agro-Industrial Complex."**

The list of groups of processing enterprises of the agro-industrial complex to which this Decree extends is approved by the Cabinet of Ministers of Ukraine.

The privatization bodies will complete privatization of the property of kolkhozes and other state agricultural enterprises and organizations that are being converted into collective agricultural enterprises principally over the course of 1994, according to a schedule that is subject to approval by the Ministry of Agriculture and Foodstuffs of Ukraine by 1 February 1994. This ministry will furnish the commissions on privatization with information on the value of property per member of the collective agricultural enterprises in the Republic of Crimea or oblasts by 1 March 1994, as well as submit proposals to the corresponding commissions on privatization regarding quotas for the preferential sale of shares of stock in enterprises of the agricultural complex to the individuals indicated in Article 1 of Decree No. 51-93 of the Cabinet of Ministers of Ukraine of 17 May 1993, "Specific Features of the Privatization of Property in the Agro-Industrial Complex."

Section 6. Ensuring the Participation of Citizens of Ukraine in Privatization With the Use of Privatization Vouchers

6.1. Broad-scale privatization with the use of privatization vouchers by the citizens of Ukraine will be carried out in 1994. To be done for this purpose are:

- the completion of the formulation and clarification of lists of the citizens of Ukraine who have the right to open privatization deposit accounts. The commissions created for the composition of these lists will review the inquiries and complaints of citizens of Ukraine and make the appropriate decisions on a monthly basis;
- the formulation of lists of the categories of citizens who have the right to the receipt of additional privatization certificates according to prevailing legislation;
- the performance of measures to ensure the receipt of privatization certificates by deported citizens;
- the development and approval by the Cabinet of Ministers of Ukraine of a statute on the Procedure for the Utilization of Privatization Vouchers and the performance of operations with deposit accounts by minor and other incompetent individuals, as well as individuals who are serving sentences at places of confinement, with regard to these issues as of 1 April 1994;
- the stipulation of additional concessions for financial intermediaries who perform services for socially vulnerable segments of the population (social protection funds);

—the organization of investment auctions with the use of electronic means of communications.

6.2. The State Property Fund of Ukraine and the privatization bodies of the Republic of Crimea and the administrative-territorial entities, for the purpose of ensuring the rights of citizens of Ukraine to the placement of privatization vouchers, will:

- offer for sale to citizens, for privatization vouchers, no less than 70 percent of the overall value of property that is subject to privatization;
- in case of the sale of subjects in privatization groups B and C, will promote the paramount sale of shares of stock to purchasers for privatization vouchers. Enterprises that have been deemed, according to the results of sector analysis or in accordance with the decrees of the Government, as advisable to rejuvenate financially or offered for sale to strategic investors, as well as those, controlling blocks of stock in which strategic investors have expressed the desire to acquire, do not belong to these subjects;
- designate no less than 10 percent of the subjects in groups A and E for privatization by means of the sale at auction, in commercial or non-commercial competitions for privatization vouchers only;
- establish quotas for the use of privatization vouchers during the privatization of state property, in an amount of no less than 70 percent of the value of that property;
- offer for privatization the subjects of group F through sale for privatization property certificates, if the corresponding restrictions have not been stipulated in their charter documents for enterprises with foreign investments whose property is being privatized.

6.3. The sale of portions (shares, shares of stock) of subjects in groups C, D and F is accomplished in accordance with a privatization plan approved by a privatization body in this manner:

- by means of preferential sale in accordance with prevailing legislation, at a nominal value 1.5 times the value of a privatization property certificate, to the employees of the enterprises whose property is being privatized;
- in accordance with Decree No. 51-93 of the Cabinet of Ministers of Ukraine of 17 May 1993, "Specific Features of Privatization in the Agro-Industrial Complex," to the members of farms, the employees of collective and state farming enterprises and other agricultural commodity producers;
- in an amount stipulated by Edict No. 210/93 of the President of Ukraine of 15 June 1993, "The Corporatization of Enterprises," to the directors of corporatized enterprises and enterprises where

shares of stock are issued in the process of privatization, and to their deputies, leading specialists and the heads of structural subdivisions;

—by means of the open sale of shares of stock for privatization vouchers, to the citizens of Ukraine, societies of buyers, investment funds, proxy societies and other financial intermediaries.

The subsequent sale of portions (shares, shares of stock) for privatization vouchers is accomplished through the funds of the buyers.

6.4. Citizens of Ukraine are granted the right to exchange privatization vouchers for policies of insurance companies that have a license of the State Property Fund of Ukraine in order to carry out intermediary operations with privatization vouchers and to provide for the exchange of privatization vouchers for shares of stock in medical subjects that are being privatized.

6.5. In case of a change in the general procedure for the computation of the appropriate value of subjects being privatized, the nominal value of the privatization property certificates and the amount of their overall issue are subject to mandatory indexing. The indexing factor is determined by the State Property Fund of Ukraine, the Ministry of Economics of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Statistics of Ukraine and the National Bank of Ukraine, and is approved by decree of the Cabinet of Ministers of Ukraine.

6.6. Citizens of Ukraine are granted an opportunity for the unrestricted selection of the spheres of privatization, and the realization of the right to apply privatization vouchers of one type in various spheres of privatization by means of providing for their mutual conversion.

The convertibility of privatization vouchers during the period of privatization is provided for through the stipulation of factors for the recomputation of the nominal value of vouchers of one type when they are being converted into vouchers of another.

The State Property Fund, National Bank, Ministry of Finance of Ukraine, Ministry of Economics of Ukraine and Ministry of Statistics of Ukraine will establish by 1 March 1994 the procedure and the factors for the conversion of various types of privatization vouchers, which are reviewed during the indexing of the values of property being privatized.

6.7. The issue of privatization vouchers in 1994 is accomplished in the form of non-cash deposits.

The privatization deposit accounts of citizens of Ukraine are opened in accordance with the Statute on the Procedure for the Opening of Privatization Deposit Accounts and the Making of Payments From Them approved by the National Bank of Ukraine and the State Specialized Commercial Savings Bank of Ukraine, as well as the Statute on the Procedure for Transactions for Acquired Facilities of Privatization

approved by the National Bank and the State Property Fund of Ukraine.

The State Property Fund of Ukraine and the National Bank of Ukraine, in conjunction with the State Specialized Commercial Savings Bank of Ukraine, the Ministry of Communications of Ukraine and the Ministry of Finance of Ukraine, ensure conditions for the realization by citizens of Ukraine of their rights to their utilization of privatization vouchers.

6.8. The Ministry of Finance of Ukraine, State Property Fund of Ukraine, National Bank of Ukraine, Ministry of Economics of Ukraine, Ministry of Justice of Ukraine and the Anti-Monopoly Commission of Ukraine will complete in 1994 the development of legislation pertaining to the participation of financial intermediaries in the process of privatization of state property. The State Property Fund of Ukraine will facilitate the creation of networks of such intermediaries, and will monitor their activity within the limits of their authority in order to ensure the rights of the owners of privatization vouchers.

6.9. The State Property Fund of Ukraine, in conjunction with the State Committee on Affairs of Publishing, Printing and Book Distribution and the State Television and Radio Broadcasting Company, and with the participation of the state mass media, will conduct broad-scale explanatory work with regard to state policy in the sphere of privatization, the mechanisms for incarnating it and the rights and conditions for the participation of citizens of Ukraine in the privatization of state property.

Section 7. Terms for the Participation of Foreign Investors in the Process of Privatization

7.1. The foreign investors who participate in the realization of the Program are the natural and legal persons defined in accordance with Cabinet of Ministers of Ukraine Decree No. 55-93 of 20 May 1993, "Conditions for Foreign Investment."

Subjects that are being privatized with the participation of foreign investors are designated at the initiative of those foreign investors and by decision of the privatization bodies or the Government of Ukraine.

Payment by foreign investors for the subjects of privatization is made in freely convertible currency in accordance with its property equivalent;

—the property value of Ukraine at 420 karbovantsi per U.S. dollar.

7.2. In the case where initiative with regard to privatization is expressed, a foreign investor submits an application and business plan to the corresponding privatization body:

—for the acquisition of an integral property complex or a controlling block of shares of stock of an enterprise that is being privatized;

—for the creation of a joint (with the participation of the state) enterprise in accordance with a statute approved by the State Property Fund of Ukraine.

7.3. The privatization body issues permission to the foreign investor to take part in privatization of the subjects of group A, provided the indicated subjects were not sold on a competitive basis to domestic purchasers.

7.4. The foreign investor takes part in the privatization of subjects relegated by this Program to groups B, C, D and F on general grounds, if the sale of blocks of stock (portions, shares) is accomplished on a competitive basis.

If the privatization plan developed at the initiative of a foreign investor stipulates the sale of a controlling block of shares to that investor on a non-competitive basis, then the privatization of the subject is accomplished in coordination with the Cabinet of Ministers of Ukraine under stipulated procedure.

7.5. If the subjects of privatization are offered for sale to foreign investors, then the privatization plan may not envisage the use of privatization vouchers for payment (aside from the vouchers of members of the labor collective), as well as establish a special procedure for the use of property that is not subject to privatization.

7.6. The estimate (initial estimate) of the value of the property is made by both domestic and foreign auditing and consulting firms or investment banks, which act in accordance with requirements that are approved the State Property Fund of Ukraine. Expenditures to pay for the indicated services are included in the sale price of the subject of privatization.

7.7. The State Property Fund of Ukraine will work in 1994 to conduct marketing with the aim of enlisting foreign investors in the process of privatization, issue a State Information Bulletin on Privatization in the English language, and issue and disseminate special investment prospectuses which provide information on the natural resources of Ukraine and the regions, the economic and geopolitical conditions, legislative and financial concessions, qualifications of the population, state guarantees for investors etc.

Section 8. Creation of Favorable Conditions for Privatization

8.1. The Cabinet of Ministers of Ukraine, in order to ensure the maximum effectiveness of privatization, will in 1994:

—provide for the development of the necessary standards and legal base;

—promote the activity of commissions to draw up and clarify lists of citizens who have the right to receive privatization vouchers;

—create a system to inform the public on the course of privatization, and the conditions for the participation of citizens in the privatization process;

—hold constant consultations with trade unions (on the basis of the appropriate agreements) and other social organizations on questions of privatization.

8.2. A system of concessions with regard to the taxation of privatized enterprises that were unprofitable or barely profitable before privatization is to be established.

8.3. A uniform vertical system of privatization bodies is to be created.

8.4. The Ministry of Statistics of Ukraine is to institute a state system of statistical reporting by privatization bodies on the course of the privatization process by ministries, agencies, oblasts, the Republic of Crimea and for Ukraine as a whole as of 1 January 1994.

Section 9. Post-Privatization Management of the Subjects of Privatization, a Portion of the Property of Which Belongs to the State

9.1. In order to ensure the effective management of portions (shares, shares of stock) in the property of enterprises that remain after the realization of the privatization plan and the further privatization of that property, the bodies of privatization:

—will transfer the portion of the state property to proxy management according to a statute approved by the Cabinet of Ministers of Ukraine;

—will designate its representatives for participation in shareholder auctions and oversight councils of joint-stock companies.

9.2. Facilities that are not subject to privatization and are part of enterprises that are being privatized remain in the sphere of management of ministries, agencies and other bodies authorized to manage state property in accordance with the plans for privatization.

Part II. Targets and Forecasts With Regard to Changes in the Structure of Ownership

Section 1. Forms of Ownership and Forecast of the Dynamic of Its Structure

The structure of ownership will be altered as a consequence of the fulfillment of the State Program of Privatization for 1994.

The forecast of the dynamic of this process in 1994-96 is cited in the table:

Property	Availability of fixed capital as of 1 August 1993		Proportionate share of property of various forms of ownership in percentages of the level as of 1 January 1994 (by years)		
	billions of karbovantsi	percentages	1994	1995	1996
under state ownership (without property of kolkhozes and housing)	99600	98	74	57	44
under state ownership	6357	2	26	43	56

Section 2. Forecast of the Receipts of Funds and Standards for Their Distribution

It is expected that 36,574 billion karbovantsi, including cash of 16,490.4 billion karbovantsi, will be received in the extrabudgetary state privatization fund, the extrabudgetary

funds of the Republic of Crimea and the administrative-territorial entities in 1994 as a consequence of the privatization of state property.

The privatization property certificates used in the process of privatization will be paid off. These funds from privatization will be used for the following purposes in 1994 (in percentages):

Reimbursement of expenditures connected with privatization	11.8
Credit for technical refitting of enterprises being privatized	16
Financial support of the State Privatization Program (in accordance with Article 7 of Part 4)	0.2
Maintenance of apparatus and logistical support of extrabudgetary privatization fund	1
Maintenance of offices of the State Property Fund of Ukraine	3
Creation of new jobs	11
Creation of market infrastructure	5
Payments to employees of enterprises that are not their purchasers	2
Deductions to the state budget for payment of domestic state debt (from the privatization of property that is under state ownership) and local budgets (from the privatization of property that is under republic (Republic of Crimea) or municipal ownership)	50

The predicted minimum receipts of funds in freely convertible currency are 234.2 million dollars U.S., and in particular:

Indicator	Number of subjects	Receipts of funds	
		Cash (millions of dollars U.S.)	privatization property certificates (billions of karbovantsi)
privatization of subjects in group A	50	67.8	—
privatization of subjects in group E	50	47.8	—
privatization of subjects in groups B, C, D and F	100	118.6	175
TOTAL	200	234.2	175

The funds in freely convertible currency that are received in the extrabudgetary state privatization fund and the extrabudgetary funds of the Republic of Crimea and the administrative-territorial entities will be used for the following purposes in 1994 (in percent):

Replenishment of State Currency Fund of Ukraine, extrabudgetary funds of the Republic of Crimea and administrative-territorial entities	40
Replenishment of currency reserves of National Bank of Ukraine	30
Credit for technical upgrading and modernization of enterprises being privatized	30

Part III. Targets Pertaining to Privatization

Proceeding from the forecast of changes in the structure of ownership, the following privatization targets are established (as minimums) for 1994:

Indicator	Number of subjects	Receipts of funds (billions of karbovantsi)		
		Total	including:	
			funds	privatization property certificates
privatization of subjects in group A	20000	13000.0	11212.5	1787.5
privatization of subjects in group E	1400	1974.0	1677.9	296.1
privatization of subjects in groups B, C, D and F	8000	21600.0	3600.0	18000.0
TOTAL	29400	36574.0	16490.4	20083.6

The activity of the State Property Fund of Ukraine, the privatization bodies of the Republic of Crimea and the administrative-territorial entities, ministries, agencies and other state bodies of executive authority in the realization of the Program is evaluated according to the indicators of their fulfillment of these targets.

Section 1. Requirements for the Amounts of Privatization of Property Under Republic (Republic of Crimea) and Municipal Ownership, and a Forecast of the Receipts of Funds

1.1. The requirements for the amounts of privatization of subjects in group A (small-scale privatization)

Republic of Crimea, oblast, city	Number of subjects					Receipts of funds (billions of karbovantsi)		
	Total	including by quarters:				Total	including:	
		I	II	III	IV		funds	privatization property certificates
Republic of Crimea	574	120	132	149	173	373.1	322.0	51.1
Oblasts:								
Vinnytsya	629	132	145	163	189	408.9	352.9	56.0
Volyn	435	91	100	113	131	282.8	244.1	38.7
Dnipropetrovsk	1639	344	377	426	492	1065.4	919.4	146.0
Donetsk	501	105	115	130	151	325.7	280.1	45.6
Zhytomyr	770	161	177	200	232	500.5	431.0	69.5
Transcarpathian	442	93	102	115	132	287.3	247.9	39.4
Zaporizhzhya	1291	271	297	336	387	839.2	724.0	115.2
Ivano-Frankivsk	822	173	189	213	247	534.3	461.1	73.2
Kiev	555	117	127	144	167	360.8	311.4	49.4
Kirovohrad	494	104	113	128	149	321.1	277.1	44.0
Luhansk	492	104	113	128	147	319.8	276.0	43.8
Lviv	490	104	113	128	145	318.5	274.9	43.6
Mykolayiv	413	86	95	107	125	268.5	231.7	36.8
Odessa	1817	382	418	472	545	1181.1	1019.3	161.8
Poltava	267	56	61	70	80	173.6	149.8	23.8
Rivne	412	86	95	107	124	267.8	230.1	37.7
Sumy	428	89	98	112	129	278.2	240.1	38.1
Ternopil	378	79	87	98	114	245.7	211.0	34.7
Kharkiv	734	154	168	190	220	477.1	411.7	65.4
Kherson	763	160	175	199	229	496.0	427.0	69.0
Khmelnytsky	212	44	49	55	64	137.8	118.9	18.9
Cherkasy	215	44	50	56	65	139.8	120.6	19.2
Chernivtsi	564	118	129	147	170	366.0	315.9	50.1
Chernihiv	226	47	52	59	68	146.9	126.8	20.1
city of Kiev	352	74	81	92	105	228.8	197.5	31.3
city of Sevastopol	85	18	20	22	25	55.3	47.7	7.6
TOTAL	16000	3356	3678	4159	4807	10400.0	8970.0	1430.0

1.2. Requirements for the amount of privatization of subjects in groups B, C, D and F

Republic of Crimea, oblast, city	Number of subjects	Receipts of funds (billions of karbovantsi)		
		Total	including:	
			funds	privatization property certificates
Republic of Crimea	13	35.2	5.9	29.3
Oblasts:				
Vinnytsya	14	37.8	6.3	31.5
Volyn	60	37.8	6.3	31.5
Dnipropetrovsk	73	197.2	32.9	164.3
Donetsk	124	334.8	55.8	279.0
Zhytomyr	6	16.2	2.7	13.5
Transcarpathian	14	37.8	6.3	31.5
Zaporizhzhya	80	216.0	36.0	180.0
Ivano-Frankivsk	79	213.3	35.6	177.7
Kiev	34	91.8	15.3	76.5
Kirovohrad	200	540.0	90.0	450.0
Luhansk	111	299.0	50.0	249.0
Lviv	56	151.2	25.2	126.0
Mykolaiv	65	175.6	29.3	146.3
Odessa	100	270.0	45.0	225.0
Poltava	20	54.0	9.0	45.0
Rivne	18	48.6	8.1	40.5
Sumy	9	24.4	4.1	20.3
Ternopil	5	13.6	2.3	11.3
Kharkiv	63	170.2	28.4	141.8
Kherson	68	183.6	30.6	153.0
Khmelnytsky	137	370.0	61.7	308.3
Cherkasy	60	162.0	27.0	135.0
Chernivtsi	14	37.8	6.3	31.5
Chernihiv	75	202.5	33.3	169.2
city of Kiev	92	248.4	41.4	207.0
city of Sevastopol	10	27.0	4.5	22.5
TOTAL	1600	4320.0	720.0	3600.0

- 1.3. Local privatization bodies report on the fulfillment of the privatization targets under the stipulated procedure.
- 1.4. The Council of Ministers of the Republic of Crimea and the oblast, Kiev and Sevastopol city state administrations will make concrete by 1 January

1994 the targets stipulated by this Program broken down by administrative-territorial entities, report the indicators to the appropriate privatization bodies and so inform the Cabinet of Ministers of Ukraine.

Section 2. Targets With Regard to the Privatization of Property Under Nationwide Ownership, and a Forecast of the Receipts of Funds

2.1. Targets with regard to the privatization of subjects in group A (small-scale privatization)

Republic of Crimea, oblast, city	Number of subjects					Receipts of funds (billions of karbovantsi)		
	Total	including by quarters:				Total	including:	
		I	II	III	IV		funds	privatization property certificates
Republic of Crimea	135	28	31	35	41	89.7	77.2	12.5
Oblast:								
Vinnytsya	128	27	29	33	39	85.5	73.8	11.78
Volyn	91	19	21	24	27	58.7	48.8	9.92
Dnipropetrovsk	238	50	55	62	71	58.0	136.3	21.73
Donetsk	260	55	60	68	77	71.4	147.7	23.74
Zhytomyr	135	28	31	35	41	89.6	77.1	12.51
Transcarpathian	102	21	23	26	32	67.0	58.0	9.01
Zaporizhzhya	163	34	37	43	49	98.0	93.2	14.87
Ivano-Frankivsk	100	21	23	26	30	62.0	53.4	8.65
Kiev	145	30	33	37	45	94.7	81.8	12.94
Kirovohrad	114	24	26	30	34	70.0	60.2	9.83
Luhansk	200	42	46	52	60	131.6	113.6	18.07
Lviv	205	42	47	54	62	135.6	117.0	18.66
Mykolaiv	135	28	31	35	41	89.6	77.1	12.52
Odessa	266	55	61	69	81	176.3	152.2	24.15
Poltava	134	28	31	35	40	33.2	26.1	12.17
Rivne	114	24	26	30	34	70.0	60.2	9.81
Sumy	120	25	28	31	36	79.0	68.2	10.86
Ternopil	86	18	20	22	26	56.5	48.8	7.71
Kharkiv	258	55	60	68	75	171.0	147.7	23.39
Kherson	145	30	33	37	45	94.7	84.1	10.69
Khmelnytsky	86	18	20	22	26	56.5	48.8	7.78
Cherkasy	145	30	33	37	45	94.7	81.8	12.96
Chernivtsi	50	11	12	13	14	32.9	28.4	4.56
Chernihiv	125	26	29	33	37	82.9	71.6	11.35
city of Kiev	290	60	67	75	88	166.3	143.1	23.2
city of Sevastopol	30	6	7	8	9	19.6	16.1	3.5
TOTAL	4000	835	920	1040	1205	2600.0	2242.5	357.5

2.2. Targets with regard to the privatization of subjects in groups B, C, D and F

Republic of Crimea, oblast, city	Number of subjects	Receipts of funds (billions of karbovantsi)		
		Total	Including:	
				privatization property certificates
Republic of Crimea	243	656.1	109.4	546.7
Oblasts:				
Vinnitsya	274	739.8	123.3	616.5
Volyn	165	445.5	74.3	371.2
Dnipropetrovsk	352	950.4	158.4	792.0
Donetsk	875	2362.5	393.7	1968.8
Zhytomyr	310	837.0	139.5	697.5
Transcarpathian	189	510.3	85.0	425.3
Zaporizhzhya	237	639.9	106.7	533.2
Ivano-Frankivsk	152	410.4	68.4	342.0
Kiev	206	556.2	92.7	463.5
Kirovohrad	152	410.4	68.4	342.0
Luhansk	122	329.4	54.9	274.5
Lviv	389	1050.3	175.1	875.2
Mykolayiv	165	445.5	74.3	371.2
Odessa	250	675.0	112.5	562.5
Poltava	200	540.0	90.0	450.0
Rivne	122	329.4	54.9	274.5
Sumy	189	510.3	85.0	425.3
Ternopil	189	510.3	85.0	425.3
Kharkiv	395	1066.5	177.7	888.8
Kherson	171	461.7	76.9	384.8
Khmelnytskyy	261	704.7	117.5	587.2
Cherkasy	189	510.3	85.0	425.3
Chernivtsi	122	329.4	54.9	274.5
Chernihiv	117	315.9	52.7	263.2
city of Kiev	334	901.8	150.3	751.5
city of Sevastopol	30	81.0	13.5	67.5
TOTAL	6400	17280.0	2880.0	14400.0

Section 3. Targets With Regard to the Transfer of Shares of Stock by Ministries and Agencies of Open Joint-Stock Companies Founded by Them to Privatization Bodies

The following targets are established with regard to the transfer by ministries and agencies of shares of stock of open joint-stock companies founded by them to privatization bodies in 1994 for organizing the sale of those shares for the purpose of supporting the rates of privatization defined by this Program:

Ministry, agency	Number of joint-stock companies, shares of stock in which are transferred to privatization bodies	
	by 1 June	by 1 December
Ministry of Transportation	45	236
Ukraine Building Materials Supply	38	58
Ministry of Industry	85	81
Ukraine Construction	575	78
Ukraine Transport Construction	7	7
State Housing and Municipal Services	93	11
Ministry of Construction and Architecture	35	6
Ukraine Local Industry	52	6
Ministry of Culture	10	2
Ukraine Subway Tunnel Construction	0	1
State Committee for the Light and Textile Industries	65	31
Ministry of Power	82	30
Ukraine Cement	10	7
Ukraine Installation and Special Construction	58	13
State Committee for Resources	103	35
State Committee for the Coal Industry	0	163
Ministry of the Machinery Industry	218	267
State Committee for Oil and Gas	84	68
Total	1,500	1,100

Part IV. Measures Pertaining to Privatization Organizations

Section 1. Development of Materials for the Legal and Methodological Support of Privatization

	Developers	Time frame	
		development	approval
Draft legislation			
Changes and Amendments to Some of the Legislation of Ukraine	State Property Fund, Ministry of Economics, Ministry of Justice, Ministry of Finance, Anti-Monopoly Committee	January	February
Liability for Violations of Legislation on Privatization	Ministry of Justice, Ministry of Economics, State Property Fund	February	February
Concessions to Purchasers Who Have Acquired Subjects of Privatization	Ministry of Finance, Ministry of Economics, State Property Fund, Ministry of Justice, Ministry of Statistics, Anti-Monopoly Committee	August	September
Penalties for Violation of Terms of Purchase and Sale Agreements in the Process of Privatization	State Property Fund, Ministry of Justice, National Bank, Ministry of Economics, Ministry of Finance	February	March
Procedure for Converting Various Types of Privatization Vouchers and Conversion Factors	State Property Fund, Ministry of Finance, Ministry of Justice, National Bank, Ministry of Statistics	January	February
Procedure for Financial Rejuvenation of State Enterprises	Ministry of Economics, Ministry of Finance, Ministry of Justice, Anti-Monopoly Committee	February	March
Procedure for Utilization of Privatization Vouchers and Performance of Operations With Deposit Accounts of Minor and Other Incompetent Individuals, as Well as Individuals Who Are Serving Sentences in Places of Confinement	Ministry of Finance, State Property Fund, National Bank, Savings Bank, Ministry of Justice	February	March
Statute on State Property Fund of Ukraine	State Property Fund, Ministry of Economics, Ministry of Justice, Anti-Monopoly Committee, Ministry of Statistics	January	February

	Developers	Time frame	
		development	approval
Technique for Estimating the Value of State Property of Enterprises With a Non-Liquid Balance Sheet	State Property Fund, Ministry of Economics, Ministry of Finance, Ministry of Statistics	February	March
Indexing of Investments of Citizens as of 1 January 1992 and the Value of Marketable Instruments for the Purpose of Their Utilization in the Process of Privatization	Ministry of Finance, National Bank, Savings Bank, State Property Fund, Ministry of Economics	February	February
Standard documents that are approved by the State Property Fund and the ministries			
Statute on the Utilization of the Results of Sector Analysis in the Process of Privatization	State Property Fund, Ministry of Economics, Anti-Monopoly Committee, Ministry of Finance, Ministry of Justice	February	March
Statute on the Standard Business Plan	State Property Fund, Ministry of Economics, Ministry of Justice	March	April
Statute on the Procedure for Valuing the Net Assets of Investment Funds, Accounting and Monitoring Their Utilization of Privatization Vouchers	Ministry of Finance, State Property Fund, National Bank, Ministry of Economics	January	February

Section 2. Consolidating the Networks of State Privatization Bodies

Substance of the work	Those responsible for its performance in 1994
Ensuring the effective activity of regional divisions and offices of the State Property Fund	Supreme Soviet of Ukraine, Cabinet of Ministers, local Soviets of People's Deputies, State Property Fund
Development of networks of privatization bodies in the Republic of Crimea and the administrative-territorial entities	Supreme Soviet of the Republic of Crimea, local Soviets of People's Deputies
Provision of accommodations and financial resources for the divisions of the State Property Fund, privatization bodies of the Republic of Crimea and the administrative-territorial entities	Cabinet of Ministers of Ukraine, Council of Ministers of the Republic of Crimea, local bodies of state executive authority

Section 3. Creation of Privatization Infrastructure

Substance of the work	Those responsible for its performance in 1994
Promoting the creation of financial intermediaries	Ministry of Finance, State Property Fund, Ministry of Economics
Creation of Bank to Promote Privatization	State Property Fund, Ministry of Finance, National Bank, Anti-Monopoly Committee, Ministry of Economics
Realization of state programs to support entrepreneurship, demonopolize production, encourage foreign investment and employment of the population	State Property Fund, Anti-Monopoly Committee, Ministry of Labor
Creation of Commission on Issues of Securities	Ministry of Finance, State Property Fund, Ministry of Economics, Anti-Monopoly Committee

Section 4. Information Support for Privatization

Substance of the work	Those responsible for its performance	Time frame for performance
Institution of systems for the entry of enterprises and organizations of all forms of ownership and management into the State Register of Accounting (Statistical) Entities of Ukraine	Ministry of Statistics, Ministry of Economics, State Property Fund, Ministry of Justice, Anti-Monopoly Committee	over the course of the year
Creation of a unified computer information network for the implementation of privatization (EKIM)		
Creation of a center for the processing of data of the State Property Fund	State Property Fund, Ministry of Finance, Kiev City State Administration, Ministry of Communications	1st quarter

Substance of the work	Those responsible for its performance	Time frame for performance
Creation of regional centers for data processing subordinate to the State Property Fund	Regional divisions of the State Property Fund, oblast, Kiev and Sevastopol city state administrations, Ministry of Communications	2nd quarter
Creation of a unified database of subjects under nationwide and municipal ownership	Ministry of Statistics	2nd quarter
Installation of hardware and system software support, set-up of communications in the networks of the EKIM infrastructure and training of support personnel	State Property Fund, Ministry of Finance	3rd quarter
Development and installation of EKIM applications software	State Property Fund	4th quarter
Development and installation of applications software	State Property Fund	over the course of the year
Development of integrated database pertaining to privatization and information entry	State Property Fund	

Section 5. Scientific-Research Support for Privatization

Substance of the work	Those responsible for its performance	Time frame for performance	Total expenditures (millions of karbovants)
research of the social, economic and political consequences of privatization	State Property Fund, State Committee for Science and Technology, Ministry of Economics, Ministry of Labor, Ministry of Statistics, Academy of Sciences, Anti-Monopoly Committee	quarterly	2,100
Analysis of the processes of privatization in particular sectors and spheres of the economy	State Property Fund, State Committee for Science and Technology, Ministry of Economics, Ministry of Labor, Ministry of Statistics, Academy of Sciences, Ministry of Construction and Architecture, Anti-Monopoly Committee		
Organization of monitoring and forecasting of the development of the privatization process			1,750
organization of the holding of conferences, symposia and on-going seminars on questions of privatization	State Property Fund, Anti-Monopoly Committee, Ministry of Finance, Ministry of Economics, Ministry of Statistics	over the course of the year	

Section 6. Personnel Support for Privatization

Substance of the work	Those responsible for its performance	Total expenditures (millions of karbovants)
Training of specialists for work at privatization bodies and other state bodies	base training institutions, scientific centers	5,250
Retraining of employees of privatization bodies		3,150
Apprenticeships aboard for employees of state privatization bodies and central management bodies	State Property Fund, Ministry of Finance, Anti-Monopoly Committee, Ministry of Economics, National Bank, Ministry of Statistics	2,100

Section 7. Financial Support for Privatization

Substance of the work	Sources of financing	Total expenditures (millions of karbovantsi)
Improvement of legislative, standard and methodological support for privatization	budget	3,500
Upkeep of state privatization bodies		65,000
Promotion of creation of privatization infrastructure		7,000
Information support for the process of privatization		70,000
Scientific-research support and forecasting of the privatization process		7,700
Issue of state information bulletin and weekly on privatization (Ukrainian, Russian and English languages)	budget, extrabudgetary state privatization fund	28,000
Personnel support	extrabudgetary state privatization fund	10,500
Total		191,700

Decree on Program

944K0955B Kiev HOLOS UKRAYINY in Ukrainian
18 Mar 94 p 5

[Text of decree]

[Text]

Decree of the Supreme Soviet of Ukraine on the State Privatization Program

The Supreme Soviet of Ukraine decrees:

1. Approval of the State Privatization Program for the year 1994.
2. That the Supreme Soviet of the Republic of Crimea and the Soviets of People's Deputies are to develop and approve by 1 March 1994 republic (Republic of Crimea) and local privatization programs respectively in accordance with the requirements of the State Privatization Program for 1994.
3. That the Cabinet of Ministers of Ukraine, in conjunction with the Commission of the Supreme Soviet of Ukraine on Issues of Economic Reform and Management of the National Economy and other commissions, are to prepare and submit for the consideration of the Supreme Soviet of Ukraine by 1 March 1994:
 - proposals for the making of changes and amendments to the legislation of Ukraine in order to create conditions to promote the fulfillment of the State Privatization Program for 1994, as well as to provide protection for the interests of socially vulnerable segments of the population of Ukraine, deported and oppressed citizens and invalids as a consequence of labor disability in the process of privatization.
4. That the Cabinet of Ministers of Ukraine is to prepare and submit for the consideration of the Supreme Soviet of Ukraine by 15 February 1994 proposals for the institution of changes in the Criminal Code of Ukraine and the Code of Ukraine of Administrative Offenses with regard to the establishment of liability for violations of legislation on privatization.

5. That the Cabinet of Ministers of Ukraine is to provide for the creation by 1 April 1994 of a unified computer information network for the implementation of privatization and an unified database on the subjects of privatization.

Chairman of the Supreme Soviet of Ukraine I. Plyushch
City of Kiev, 26 January 1994

Academician Supports Hryvnya Introduction, Makes Financial Policy

944K1063A Kiev UKRAYINSKA HAZETA in Ukrainian
No 7, 31 Mar-13 Apr 94 p 3

[Article by Dmytro Shkarban, candidate of economic sciences, docent, Ukrainian Agrarian University: "Ukrainian Statehood Can be Saved by 27,700 Private Farms; In U.S. Highly Profitable Farms Account for Only 13.9 Percent of the Total, Feed the Nation and Provide \$40 Billion Dollars Worth of Exports"]

[Text] As painful as it is to admit, Ukraine is at the brink of losing its economic independence. The treasury is faced with deficits, the investment policy is not working, industrial bankruptcies are on the increase, and the process of economic recovery has been aborted. This state of affairs is partially explained by absence of economic reforms, political instability, and breakdown of commercial relations with the former Soviet republics. In my view, however, the primary fault lies with improper developmental and financial priorities. For example, in 1989 87 percent of Ukrainian farms made a profit of 30 percent or better; in 1992 only a fourth of them did.

On the surface the problems appear insurmountable, but are they really? The March 1993 currency emission of 1.2 billion karbovantsi gave a 803 billion karbovantsi credit to the agricultural sector. Unfortunately, the credit was squandered across the board rather than directed at the remaining productive collective, state and private farms that can still show a profit.

Although the number of private farms in Ukraine has already exceeded 25,000, the average size is only 15

hectares and most are about two hectares. Obviously, such farms have a limited profit potential and cannot make a serious contribution to the national economy.

In his time Stolypin saw Ukrainian future as a land of 100 hectare farms. In the U.S. an average farm has 187 arable hectares and in Germany 77. What can Ukraine accomplish with an average of 15 hectares?

The fact that only a small percentage of the farms is profitable need not be discouraging. This is the case in most countries. In the U.S., for example, 52.4 percent of the farms are weekend farms or farms that barely make a profit or operate at a loss. The average income from such farms stands at \$930 a year. The real income is generated by the 13.9 percent highly profitable farms that feed the nation and provide industry with raw materials. In addition, the U.S. treasury makes more than forty billion dollars a year from agricultural exports.

The following facts can be used to assess efficiency of our farms. For example, in the Brusyliv Rayon of Zhytomyr Oblast Volodymyr Stadchenko runs a very efficient farm consisting of 60 hectares of arable land. To feed the entire rayon, only two such farms would be needed. The entire oblast could be fed by some 50 farms, and all of Ukraine by 1250. If we could but concentrate our attention on some 5000 farms and provide them with full financial support, young stock, high quality seeds, and the latest in agrotechnology and education we could get rid of many of our problems. I have the impression that the present minister of agriculture is heading in this direction.

Concomitantly, Ukraine must restructure its credit-granting and financial systems so as to enhance productivity and production. Consider average wages: in Ukraine it comes to \$7 a month and in Germany \$21.3 an hour. The hourly wages in France are \$15.2, in Italy \$16.2, and then follow Portugal—\$3.5, South Korea—\$4.1, Singapore—\$3.7, Hong Kong—\$3.2, and Poland—\$2.7. Prices of sugar, meat, butter, gas, gasoline, electricity, housing and services have approached—and in some cases exceeded—world prices, while our government has not seen fit to increase wages. Frankly, the people feel that they are merely the chattel of a bureaucratic-mafia cabal rather than builders of an independent and sovereign Ukraine.

The majority of laws passed in Ukraine are unenforced and exist only on paper. Issuance of housing, industrial and real estate "Privatization Certificates" has been scheduled but not implemented. What value will they have if they cannot be purchased, sold, or transferred as a gift or inheritance? What we need are certificates that have commercial value and can be freely traded and exchanged to create funds in lieu of money. Since they will be unsuitable for commercial transactions they will be unlikely to affect productivity.

Ukraine needs a national currency, but its introduction is beset with difficulties. Our economic problems, lack of gold reserves, shortage of industrial goods, and of a stabilizing fund in the amount of two billion dollars demands a

novel approach since we cannot wait until these roadblocks are overcome. Further, I believe a national currency has to be introduced in a stepwise manner to maintain its value.

Initially the hryvnya should be limited to certain sectors of the economy such as agriculture, gas and oil industry and railways. The hryvnya should have been introduced at the time of the 1993 harvest for gas and oil purchases, while the railway industry should have been included because of its massive size and stability. Thus, for a time two currencies would coexist: a convertible hryvnya and free-floating kupon, with the hryvnya establishing its own sphere of influence and stability. In 1993 the need for hryvnya was acute since we had to buy gasoline, salt, oil, mineral fertilizers, etc. for world prices while the price for hard wheat was set at 362-600,000 karbovantsi a tonne—or \$60 at the old exchange rate—while the world price was \$240.

How can we expect our farmers to sell their products to the state at a quarter of the world price? And if they don't, will we have to buy these products abroad? The first order of business should be to instill in the farmers a sense of confidence in Ukraine and the introduction of the hryvnya is a step in the right direction.

Successful introduction of the hryvnya will also depend on creating the right conditions for its support. One priority is to reduce the size of the military establishment—over a million men in the army, navy, national guard, border guards, security service and other formations—which in proportion to the general workforce exceeds that of any other country. Ukraine has 2800 military airplanes while England has 1500, Germany 1350, Italy 840 and France 1550. Then there are thousands of modern tanks, strategic missiles... What country has the economy to support all this? A rational review of the military doctrine should save us 500-700 million dollars.

A second priority is exporting grain, which in 1993 could have earned us 450-500 million dollars.

A third priority would be to utilize the productive might of the military-industrial complex in which a karbovants-kupon equals a dollar or, in some cases, five dollars. The income derived from such sources could be on the order of two to three billion dollars.

A fourth priority is the creation of a tax base to support the hryvnya. All industrial sectors have to be taxed without exception. For example, the metallurgical complex in Kryvyy Rih has been working at 100 percent capacity since April 1993 and its production has been on the increase as a result of the industry getting tax relief. But 70 percent of the metal goes to Russia and the profits are lodged in their banks, while the rest of the Ukrainian industry lacks for metals and the Ukrainian treasury doesn't get a penny from such "close relation." For whose benefit does Kryvyy Rih complex pollute the environment and deplete Ukraine's natural resources?

The fifth and last priority in setting our economy aright has to deal with rational use of our energy resources and raw materials. No one yet has reimbursed the state for oil

imported in 1992. The oil just disappeared into various mafia-controlled networks. What happened to the oil of the Black Sea fleet? Was it paid for by the dismissal of the Ukrainian naval commander Borys Korzhyn?

Finally, the economy will only improve if every aspect of society and production—land, capital, work, science, technology, intellect, environment—is recognized as having monetary value.

Unless land is sold, work valued, and the ecologic costs of oil pipelines and terminals computed, it will be impossible to create a Ukrainian market economy.

Russian GAZPROM Terms Seen as Disadvantage to Ukraine

944K1062A Kiev UKRAYINSKA HAZETA in Ukrainian No 7, 31 Mar-13 Apr 94 p 1, 3

[Article by Viktor Shanyuk, UKRAYINSKA HAZETA reviewer: "Russian GAZPROM Shackling Terms for Ukraine: Landyk Team Transfers Pipeline Control to Russia and Undermines Ukrainian Independence"]

[Text] A year ago the president of Armenia, Levon Ter-Petrosyan, paid for Turkmen natural gas with diamonds air delivered to Ashkhabad, and not with Russian rubles or other freely-convertible currency. Ukraine is as dependent as some other CIS countries on Moscow for energy. However, unlike Armenia, our payments were not in diamonds or gold, but in sugar, meat, our fleet, nuclear weapons and, now, by renting out our territory. On top of that, our former premiers and vice-premiers responsible for this state of affairs pose as Ukraine's saviors. For example, Fokin claimed to have secured a direct source of gasoline after visiting the Tyumen oil fields, a promise that turned out to be as ephemeral as Fokin himself. Yuli Yoffe also disappeared after promising rivers of Iranian oil, and is now working in the USA. Leonid Kuchma did not let a day pass by without talking about Russian altruism. What that meant was that Chernomyrdin gave Ukraine a drop of gasoline as a birthday present for Kuchma! After the drop, agriculture and transportation came to a standstill and power stations were starving for fuel. Water transport suffered and the economic solutions advocated by Kuchma brought Ukraine into subservience to its northern neighbor.

Now the Russian energy monopolists have developed an unquenchable appetite for Ukrainian pipelines, and ordered a so-called Ukrainian government delegation to Moscow. 'Ukrainian' in name only since Vice-Premier Landyk, who headed the delegation, recognizes only Russian as the official state language. The personages accompanying him, and who were also disinterested in Ukrainian national interests, were as follows:

Mykhaylo Kovalko, Director, Derzhkamnafthaz;

Valentyn Kolomiiev, Director General, UKRHAZPROM; Volodymyr Novytskyy, First Deputy-Minister of Industry;

Anatoliy Volkovskyy, First Deputy-Head of Derzhpromresursy; and

Viktor Hladush, Deputy Minister of External Economic Relations; as well as an entire cohort of lower-ranking ministerial minnows.

The Russian side, represented by Rem Vyakhirev's stock-company GAZPROM, immediately went on the attack! They demanded that Ukraine pay its energy debts within a month or fuel deliveries would stop. True, they made a concession and allowed last year's debt to be paid in cash and industrial goods. But this year's debt, they insisted out of sheer friendship, has to be paid in either Russian rubles or American dollars. Furthermore, beginning with April 1st deliveries will depend on prepayments and the Ukrainian industry was accused of 'stealing' Russian gas from the pipelines.

The first attack was immediately followed by another: Vyakhirev demanded that Ukraine immediately turn over its pipelines, refineries and other fuel supply facilities in Western Ukraine, as well as port facilities in Odessa and Illichiv to GAZPROM and that Russians have exclusive control. Those are conditions for "taking pity" and agreeing not only to resume gas deliveries in full but also to make up for 80 percent of the lost Turkmen deliveries. Even Rem Vyakhirev gloated before Moscow journalists that "This agreement is not to Ukraine's advantage!"

The Landyk team was shown to be completely ineffective; the only remaining unresolved issue is who is to have the final control over the Ukrainian fuel supply network. However, one doesn't have to be a politician to realize that our northern neighbor, pretending to make concessions, continues to press his own interests.

Ukraine and the other 'near abroad' countries are of vital importance to the Russian gas interests. It is through Ukrainian territory that Russia exports 90 percent of its gas to Western Europe at a considerable profit. Russia cannot enter the European market without Ukraine, although plans are being made to go through Belarus and Poland. But that will cost a lot and GAZPROM doesn't have the resources. Even so deliveries to Bulgaria and Turkey will have to go through Ukrainian pipelines.

Can you imagine the hue and cry in Moscow if the Khokhols [derogatory Russian term for Ukrainians] suddenly emulated the so-called older brother's power play by demanding remuneration for transit rights in hard currency? This is not something that I advocate, but in an extreme situation it might become necessary if we are forced to it. What prevented the Ukrainian emissaries from responding in kind to this type of one-sided pressure? Surely we have the right to look after our own interests. Unfortunately, Landyk gave in and agreed to joint oversight over Ukrainian pipelines, and wherever you have two bosses you are going to have problems.

At present we have neither the dollars nor the rubles to pay Russia for energy. But that does not mean that we have to sell our territorial rights. Our debts could be covered by a

rational economic reforms but for the failure of our present and past governments to act in a responsible manner.

The second round of negotiations will take place in Moscow on April 10. Russia won't back off and will continue to demand a controlling block of shares. Belarus is already on her knees for the 21 billion cubic meters of gas that GAZPROM promised to provide for a 51 percent share in the BILORUSTRANSHAZ concern. Ukraine needs almost five times as much gas, and this need is playing into Russia's hands.

How do our specialists feel about Landykh's position?

Taday Mykhalevych, chairman of the Joint Dispatching Administration of UKRHAZPROM, has stated that "We cannot give Russia Ukrainian pipelines on the basis of a forced, one-sided agreement... Suppose we pay our present debts this way. Then what of the future? Will we sell our remaining gas pipelines?"

Our officials should listen to Mr. Mykhalevych, who has risen through the ranks in UKRHAZPROM from an operator to chairman of one of its main administrations. Mykhalevych suggests that Russia cover some of the construction costs of the Urengoy-Pomari-Uzhhorod pipeline. We could also help Russia develop some of its resources in its northern regions, but all of this would have to be on the basis of fair financial arrangements. Today such financial arrangements cover the cost of only 23 percent of the gas we need, and the rest has to be financed from other sources. Last year we used over 100 billion cubic meters of gas, a figure suggesting that there is considerable room for greater efficiency.

This problem was previously addressed by academician Ihor Yukhnovskyy who pointed out that gas use could be reduced by at least 25 billion cubic meters. A more rational approach to efficient utilization of our resources, exploratory efforts, strict regulation and legal sanctions against wasteful practices could improve our situation considerably. In addition, the best exploratory equipment should be obtained from abroad in combination with appropriate political and diplomatic initiatives.

Unfortunately, the government generally relies on administrative sanctions, and its efforts have been limited to construction of a new, semiprivate terminal near Odessa.

Search for new gas fields is in disarray. Half of the boreholes remain unused because of lack of special pipes, and only three of 12 new gas fields scheduled for production this year are being developed. Because of lack of funds geologists have almost stopped exploratory projects. Exploitation of the Sea of Azov and Black Sea shelves lies in the distant future. The reserves of the available fields are too small and production is too costly because the fields are too scattered. On paper everything looks fine, but in practice the national energy program has too many holes in it and Russia is using this knowledge to her advantage.

What will our delegates do at the next meeting in Moscow? I could get no answer despite making every attempt to get such information from the ministries and departments

that are involved in these negotiations. Kovalko, the director of Derzhkamnafthaz, on returning from Moscow immediately repaired to Poltava for pre-election campaigning for a parliamentary seat. Yevhen Sukhin, his first deputy, didn't have a minute to spare for me for a telephone interview. Viktor Hladush, Deputy Minister of External Economic Relations, was also conscientious in avoiding me, and a fierce secretary blocked my access to Valentyn Kolomyiiev, Director General, UKRHAZPROM. Anatoliy Volkovskyy, First Deputy-Head of Derzhpromresursy, escaped through a side door. Their assistants—heads of various administrations and departments—angrily rebuffed me with "We will not give you any information! We have received no instructions on this score; we don't know what course of action we will take!"

So what are the conclusions? Basically, we see a repetition of last year's story with the Black Sea fleet which Ukraine agreed to give up to Russia and the current defense minister finds it an acceptable solution. I am certain an analogous outcome awaits the 'gas talks' if Ukrainian interests are betrayed. The pipelines should have only one owner! Russia is demanding prepayments from us, and we should demand prepayments from Russia for using our distribution networks.

Deputy Minister on Prospects for Foreign Trade, Cooperation with GATT, EC

944K1077A Kiev UKRAYINA MOLODA in Ukrainian
1 Apr 94 p 4

[Interview with Serhiy Hryhorovich Osyka, deputy minister of foreign economic relations and trade, by Yuliya Vorontsova: "Not To Become an Outsider in the Competition With Our Eastern Neighbor: Task No. 1 for Ukraine's Foreign Economic Policy"]

[Text] According to the estimates of competent persons, the hryvnya has greater chances of seeing the world nowadays than at any previous time. That is, of course, provided that the new parliament does not begin its own activity by revoking all the accomplishments of its predecessor, and provided that the newly constituted government does not shatter to smithereens the delicate little porcelain bridge which has just recently connected Ukraine with the world's financial whales. In the opinion of Serhiy Osyka, deputy minister of foreign economic relations and trade, there are two realistic ways to introduce a sound monetary unit—a quick way and a slower but more durable way. The choice must be made now.

[Vorontsova] Serhiy Hryhorovich, to what extent was the question of forming a stabilization fund under the hryvnya roused from its slumber during the latest visit by the president of Ukraine to the United States? It is certainly a well-known fact that this problem has been under discussion in the IMF [International Monetary Fund]....

[Osyka] Indeed, this question has been worked on for several years now; without a sound currency it is impossible to carry out an effective economic reform. The requirements set forth by the IMF are directly tied in with the need to restore our money to good health: in its volume a stabilization fund of whatever currency must not exceed

the value of a country's imports during a period of three to four months. In and by itself, our decline in production is forgivable, but its sum-total was a bit too much. The stabilization fund can be formed along various lines. It can be done not only by enlarging and increasing our exports, but also by changing their quality. Because Ukraine, of course, Ukraine is not merely a traditional producer and supplier of metal. If—thanks to joining GATT (General Agreement on Tariffs and Trade) and signing a memorandum on cooperation with the EC [European Communities]—our high-tech goods (helicopters, rockets, and space satellites) can be introduced onto the world market, our state's hard-currency funds will grow sound very soon indeed. And that would also apply to the stabilization fund.

[Vorontsova] And so it could be said that the absence of a sound currency in Ukraine has brought about not only the economic crisis, but also the lack of appropriate international documents. Without the latter even the best Ukrainian items will not see the world any farther than our republic-level center for exhibits and fairs. Isn't that correct?

[Osyka] That's the way matters stood until very recently. A breakthrough occurred literally during the last two months—first and foremost, after the change in the American policy with regard to Ukraine as a result of Kravchuk's signing the trilateral declaration in Moscow. Work is now proceeding on the preparation of credits from the IMF—something which we have not succeeded in obtaining for almost two years now. The first few steps have been taken toward cooperating with the Americans in the high-tech field. In and by itself alone, the launching of commercial satellites would bring in billions of hard-currency units within a very brief period of time. This change in the stance taken by the United States has likewise brought about a new policy with regard to Ukraine on the part of the "Big Seven" states. It has also evoked interest from the countries of Southeast Asia—countries which have very good future prospects and which are developing at a tempestuous pace. Prospects are opening up for the introduction of new credit lines and for expanding our own trade possibilities by means of selling abroad those items which we were unable to sell previously because of certain political and legal obstacles.

[Vorontsova] But the domestic economic situation in our state has remained unfavorable: The reforms are marking time, privatization has just begun, and one hears complaints from economic experts to the effect that inflation is being warded off by artificial means....

[Osyka] I would not assert these things so categorically. Where do you get the idea that we don't have privatization? And what about the housing fund, and even available housing? And what about the leasing of enterprises, many of which often are converted into properties owned by the collectives involved? But the only realistic remedy against inflation is to increase the mass of goods. It can be increased in two ways. The first is calculated to take a 10-year period: This involves modernizing and renovating our production facilities, as well as restructuring the

economy itself. The second way is faster: It solves the problems by political and legal methods—via privatization, when a certain quantity of goods of the requisite commercial quality have appeared on the market. The money supply would then form a kind of enclosed circle or loop and be full in the financial sense. Such a method would ensure an abrupt stabilization of the monetary system. Money would be put to work, and other motivation for persons to work would begin to appear.

[Vorontsova] In emphasizing the prospects for the political and legal way, you indicated that cooperation with GATT and the EC would be on a new basis....

[Osyka] Until Ukraine becomes a member of GATT, it will be confined by numerous tariff barriers and administrative restrictions from selling its own best goods. After we have joined in this agreement, we will become a full member of the world economic space. Certainly, new problems will continue to arise. For example, lowering our import tariffs will further exacerbate the position of those enterprises of ours which turn out products which cannot compete with better ones from abroad. But we simply cannot go on subsidizing such enterprises. GATT has 117 members. It is not just a club for the great trading "whales," but also contains ½ of the countries with transitional types of economies—a category to which Ukraine likewise belongs. The GATT mechanisms provide for a balancing of interests between large, small, developed, and almost backward countries.... As to the prospects for cooperation with the EC, a system of versatility would be set up, i.e., the attitude toward our products on the market would have to be the same as for those economic entities of the EC member-countries. At the latest round of talks with the EC there was a discussion of possible cooperation between the Ukrainian National Space Agency and the European space agencies.

[Vorontsova] Wouldn't that aggravate our mutual relations with Russia?

[Osyka] No. Because, of course, both GATT and the EC have worked out precise mechanisms for regulating the relations in the free-trade zones and the customs unions. Russia itself will join GATT quite soon, and if we lose time, we could remain an outsider in relations with our Eastern neighbors.

Antidumping Suit Against Steel Firm Viewed 944K1089A Lvov POST-POSTUP in Ukrainian No 9, 1-7 Apr p B4

[Unattributed article: "The Ukrainian Government Considers That Canada Has Begun an Antidumping Investigation Against the Azovstal AT Without Any Grounds for Doing So"]

Four Canadian producers of carbon steel—Algoma Steel, Inc., Steelco, Inc., Ipso, Inc., and CNT Steel—have begun a "hunting season" on the exporters of steel to Canada. Over the period of the first eight months of last year 40 percent of the imports of this metal to the country of the maple leaf were designated as dumping. Toward the end of

last year Ukraine was added to the list of the other three "violators"—Spain, Italy, and Korea. On 18 October Canada's Department of National Profits instituted an antidumping suit against the Azovstal AT [Joint-Stock Company], which is located in Mariopol. According to this department's data, the average price of Ukrainian steel is set at only 76.1 percent of its true value (the dumping mark ranged from 69.5 to 83.3 percent).

Despite the fact that during the period since 1991 the states of the EC [European Communities] and America have instituted nine antidumping suits against Ukraine, this latest instance cannot have the best influence on mutual relations between Ukraine and Canada. On Ukraine's part, this case is being handled by the intersector and interministerial commissions which have been set up under the Ukrainian Council of Ministers. As is known, the Ukrainian side has the intention of striving to close this case because of the lack of direct proofs that the Azovstal AT has engaged in any antidumping operations in the Canadian market. It is also known that—in the case at hand—Ukraine is allowing for the possibility of appealing to higher international juridical institutions.

The fact of the matter is that last year Azovstal delivered 14,000 tonnes of steel (FOB at the Ukrainian port) to the German firm of Klopner at a price between 258,000 and 259,000 U.S. dollars. The Germans re-exported 7,800 tonnes of this amount to Canada. It was specifically the steel re-exported by Klopner that became the occasion for the antidumping investigation. But according to the contract between Azovstal and Klopner, the former bears no responsibility for any further profits made on the steel sold to the German firm. Moreover, officials in Kiev have asserted that the export price of this steel from the Mariopol AT corresponds to the upper limit indicated (260 U.S. dollars), as well as to the average level of world prices.

In elucidating the pluses and minuses for Ukraine in this case, far from the last-place role will be played by yet another global factor. In the case at hand, according to all international standards, the responsibility for the actions of the accused Azovstal AT shall be borne by the state as a whole, inasmuch as—at present—the Ukrainian economy has the status of a nonmarket economy. Proceeding on the grounds that Ukraine did not give Canada sufficient information about its exporters, the Canadian side was compelled to apply with regard to Ukraine the same conditions under which Belgium, Denmark, Spain, and Great Britain operate in Canada. And Great Britain was designated as the analogous country (it has been asserted that—on this occasion—even the Canadians felt sorry for Ukraine); and, as a result of this, the benchmark price was set at 500 U.S. dollars per tonne.

It is interesting that almost immediately after this conflict-type situation arose, the Ukrainian office of the Canadian firm Smith, Lyons, Torrance, Stevenson, and Mayer offered to defend the Ukrainian interests in this case. In the words of Mark Kovalskyy, a lawyer from this firm, the offer would have legal force only on condition that the Ukrainian government make an official request with regard to a defense of its rights. At the same time Klopner

would have to provide its own legal defense in cooperation with Azovstal. However, a contractual agreement had been signed with the Trakon law firm at the very end of last year—that is, after the case had already been instituted. And, therefore, Trakon has remained on the sidelines of this investigation. Thus Azovstal could take a retroactive court action against Klopner in connection with the non-performance on that article in the contract which concerns a legal defense.

The recent visit by a Ukrainian delegation to Canada did not produce the anticipated results. Official Kiev intends to place the examination of this case before the Canadian Trade Tribunal because it considers that it would be significantly better to defend its own interests there. At least its chances would look more realistic with the absence of tricks by Canadian industry. According to the General Agreement on Tariffs and Trade (GATT), dumping is not subject to condemnation, provided that it does not cause harm to the economy of that country in which the goods are sold. And the percentage of Ukrainian steel within the total amount of this metal on the Canadian market is less than 1 percent. The Canadian side, in turn, does not dispute this point, but instead bases its argument on the position that—after an analysis had been conducted—it was discovered that 100 percent of the total amount of the Ukrainian steel had been sold on the Ukrainian market at dumping prices.

Yet another possible relief for Ukraine (even prior to appealing the case) could be the negotiations which are now going on between Klopner and Algoma Steel with regard to the delivery of Azovstal's steel ingots. By the way, it is an interesting situation. The guilty party in these Ukrainian-Canada misunderstandings—the German firm of Klopner—has, for some reason retreated to the background, and for some reason nobody is saying much about its role in this matter.

...If the Ukrainian government believes that it will prevail in the above-mentioned Trade Tribunal, knows that the law is on its side, and that such accusations are without any grounds, it must make sure that—after this case—nobody will treat us like a little boy to be beaten—one who can be infringed against and who will then only whine and whimper.

Activities of Ukrayina Trading Firm Explained 944K1090A Kiev HOLOS UKRAYINY in Ukrainian 9 Apr 94 p 8

[Interview with Oleksandr Nezdolya and Vyacheslav Zhyhun, managers of shareholding company Ukrayina, by Valentina Pysanska: "Better to Be Rich and Expensive"]

[Text] Perhaps there is no other company in the field about which there have been as many rumors as have circulated in business circles about the activities of the international shareholding trading and finance group Ukrayina, founded a year ago. To an extent, their appearance can be explained by the fact that the firm is trading in an area which has been one of the mainstays of the state's income.

A HOLOS UKRAYINY correspondent wanted to get information from the horse's mouth, as they saying goes. I dialed the number of the First Deputy Executive Officer Oleksandr Ivanovich Nezdolya, and heard from him:

"You are a little late, since I have been just appointed deputy industry minister. With your permission, I would like to introduce you to the new manager, Vyacheslav Zhyhun, deputy executive officer and chairman of the board of the shareholding group.

After I expressed regret at not being able to speak to the person who had been present at the creation of the firm, Oleksandr Ivanovich, surprisingly, graciously agreed to a three-way conversation.

As a result, I offer to the attention of the readers an interview which I recorded with both the former and the current managers of shareholding group (SG) Ukrayina, Oleksandr Nezdolya and Vyacheslav Zhyhun.

[Pysanska] Please tell us about the structure of your shareholding group?

[Zhyhun] SG Ukrayina was formed on the foundation of state enterprises with the participation of foreign capital.

[Nezdolya] You see, our firm was created in December 1992, when in Ukraine a rapid decline of economic activity was underway, including in the foreign trade area. The government was trying to find a way to stop this decline. At the time, many enterprises were allowed to sell their output in foreign markets. Due to the lack of pricing information and marketing, as well as the presence of both honest and shady partners, a lot was sold but only a small portion of the proceeds found its way to the state foreign exchange treasury.

Naturally, this could not go on indefinitely. In those circumstances, the managers of five plants, with the consent of their labor collectives and the support of the Cabinet of Ministers, formed SG Ukrayina. Those are enterprises which produce mineral fertilizers—concern Styrol in Gorlovka and production association Azot in Severodonetsk, Cherkassy and Dneprodzerzhinsk—the Odessa port and Donetsk metallurgical plants and conglomerates Kryvorizhstal and Zaporizhstal. As founding enterprises, they own 65 percent of statutory capital. On the one hand, the SG's task was to use its funds to maintain stability at the enterprises and in industry. On the other hand, it had to fill state orders and fulfill state contracts. Thus, hard currency obtained for fulfilling state contracts went entirely to the state currency fund, while funds which came from filling state orders were used to buy raw materials and equipment. Not just for the shareholding plants but for enterprises of the chemical and other industries.

[Zhyhun] The founding of SG Ukrayina in that economic situation did not take place because one person or a group of people wanted it. Oleksandr Ivanovich has already listed the main reasons prompting the government and management to take this step. I want to focus attention on the fact which few remember: one of the main tasks of SG Ukrayina was to support the severely ailing and weakened

chemical industry. It was an industry which enjoyed steady demand in foreign markets. In no circumstances should that industry have been allowed to decline because of the sharp rise of energy prices. In fact, the use of funds from the SG's export operations to purchase raw materials, equipment and packaging for the chemical industry helped prevent further weakening of strong enterprises and a collapse of weak chemical plants.

[Pysanska] In effect, SG Ukrayina has become a powerful monopoly.

[Zhyhun] It is not so. The firm sold only 60 percent of its shareholders' output, which consists of ammonium carbonate, ammonia, ammonium nitrate, pig iron and rolled steel. At the same time, Kryvorizhstal and the Donetsk metallurgical plant sold their products independently. Since the foundation of the shareholding group, a total of \$173 million worth of output has been sold, and \$76 million worth of products has been purchased for Ukrainian industry. This includes raw materials, equipment and chemicals to protect agricultural crops, the purchase of which, incidentally, helped double the crop. The remaining funds went to purchase equipment, packaging and raw materials for the SG's founding shareholders.

[Pysanska] There was a major scandal about those purchases. In particular, you were accused of purchasing environmentally unsafe pesticides.

[Nezdolya] After a thorough investigation by law enforcement organs, the case was dropped due to the lack of evidence of criminal activity.

[Pysanska] It is said the SG Ukrayina is engaged in dumping, i.e., it is selling at artificially low prices.

[Zhyhun] It is impossible. First, we are being constantly monitored by the Ministry of Industry, the Ministry of Finance and the Ministry of Foreign Economic Relations. In addition, we are working with foreign firms which have experience in world markets. Selling at artificially low prices would have been unprofitable for us as well as for them.

[Pysanska] At the start of the discussion you mentioned that SG Ukrayina is an entity formed on the foundation of state enterprises with the participation of foreign capital. So, among its founders there is also a foreign company. Is true that it is the notorious Syabeco?

[Nezdolya] It is true, as is the fact that the head of the SG Ukrayina managerial board is Syabeco owner Borys Birshtein. Incidentally, that firm's share of the shareholders' capital is 35 percent. Accordingly, it receives dividends amounting to slightly more than one third, minus 5 percent (after taxes and current expenditures), which SG Ukrayina charges as a commission for acting as an intermediary in foreign trade.

I must state that Syabeco has not done any harm to our country. Nothing but good. With full responsibility I can attest that Mr. Birshtein is a decent, enterprising human being endowed with a considerable brain. If the government of our country had specialists such as he, we may not

have wound up where we are now. When SG Ukrayina was being formed, the country had no funds to launch it. Syabeco gave us credit.

[Pysanska] How much?

[Nezdolya] Sufficient for us to function. You know, when good money is being made, all sorts of rumors start around it. Of course Borys Birshtein is not a do-gooder. He has come to Ukraine to make money. But he is not here to steal and run away. In 1993, he gave us \$20 million at a minuscule interest rate to buy chemicals for crop protection. He is currently looking for an opportunity to buy natural gas from Russia. This means the livelihood for factories and for the people who work there. Here is an honest partner.

[Zhyhun] In addition, as for our relationship with Syabeco, on the request of people's deputies it was investigated by the tax inspection and the appropriate Ukraine State Security (USS) organs, who found neither violations, nor abuses, nor any other fraud on the part of that firm. Moreover, Mr. Birshtein is not only a businessman but a person to whom the fate of our country is not indifferent. He did not come here to rob us but to teach us how to trade at a civilized level, and to establish strong business ties which would continue to grow and create profits for both sides. Besides, Syabeco is helping our country in a very difficult hour. Borys Birshtein and his partners, unlike many others, are not waiting until we start living better. Believe me, this is the proof of the solidity of the firm, and its good, long-term intentions.

[Pysanska] You have mentioned the USS. I have information that its organs control SG Ukrayina. You, Oleksandr Ivanovich, are—what?—a general of that service?

[Nezdolya] There is no secret about it. Do not beat around the bush: I am indeed a USS general.

[Pysanska] So, the USS is now selling mineral fertilizers?

[Nezdolya] Who told you that? I have not signed a single contract but only acted as an operational liaison with the government, informing about the situation in the foreign markets and foreign companies which do business with us. However, had in 1992 enterprise directors independently entered the international market without proper experience, their lack of skills would have harmed Ukraine and caused a shock among their foreign partners.

Our responsibility is to protect economic sovereignty of our country and its security in this area. There is a great need for this, since today hundreds of firms come to Ukraine, many of which do not really exist. They promise a gold mine, earn a quick buck and disappear without a trace.

[Pysanska] And there is no other way aside from involving special services?

[Nezdolya] I understand what you want to say. But our work is not surveillance and eavesdropping. We must protect productive industry sectors, join the civilized world and establish market relations. We must find the

end-user, in order to reduce the number of intermediaries. Yet, we lack experience and skills.

So, let directors learn. SG Ukrayina has a new type of managers working for it, ones who have studied to trade in the international market, both at home and abroad. Our job will be to combat mafia structures and corruption. There is a difference between honest money making and robbery.

[Pysanska] Excuse me, there is this cynical joke: you cannot defeat mafia in Ukraine; you can only lead it.

[Nezdolya] To think like this is the beginning of an end. But no matter what you say, we are protecting the country's economic independence. Ten other special export entities have now been set up along the same lines as SG Ukrayina. I am convinced that all this disorder and stealing of state property which still goes on here exists only because everything is cheap: both raw materials and labor. We, conversely, should become rich and expensive.

Today, SG Ukrayina is still learning to trade. Nevertheless, it has already performed a great service to the state. It is important to understand how useful such entities will be if they establish themselves in the world market, develop a system of export and import operations and obtain the necessary working capital. It should be noted that the activities of such entities are constantly being monitored by law enforcement organs—Ukrainian ones, too. I am convinced that the future—at least the immediate future—belongs to such entities. There is no other way for us.

National Bank Stabilization Actions Described

944K1098A Kiev UKRAYINA MOLODA in Ukrainian
12 Apr 94 p 3

[Article by Dmytro Lykhoviy: "Middle Eastern Motifs in Ukraine's Banking Policy"]

[Text] *The opposition between the National Bank and the Cabinet of Ministers reminds one somehow of the situation in the Middle East: People know how it began, but they do not know how long it will last or how it will end. To continue this parallel, the stance taken by a certain number of government people—supported by the agrarian lobby—with regard to the necessary allocation of more than 50 trillion karbovantsy to the rural areas for the purpose of carrying out sowing operations may be compared to the peace initiative of one of the Middle Eastern sides. They have said something like the following: Come to an agreement on this large-scale currency emission; let's smoke a peace pipe, and everything will be just fine. However, the monetarist course taken by the NBU [National Bank of Ukraine] does not provide for sowing at such a high price. (In response to such a demand from the agrarians, one of the National Bank's highest officials even allowed himself to make the following bitter joke: "Do you intend, then, to sow coupons?"). It must be acknowledged that most of the government authorities have already become aware that the greatest evil is such hyperinflation, and that it must be combatted. After emphasizing this thesis once again, Viktor Yushchenko—NBU's chairman of the board—at a regularly scheduled meeting with journalists elucidated the*

key positions taken by the National Bank with regard to conducting monetary policy, the price of money, and a possible currency emission.

According to Yushchenko, the National Bank has seriously undertaken the task of putting a stop to soaring hyperinflation. Because of the latter's great rapidity, this task cannot be accomplished suddenly or abruptly; and, therefore, we must go along with it for some time, while seeking to restrain it. That is to say: If in 1994 Ukraine had a monthly inflation rate equaling 84 percent, then during the first quarter of this year it can be knocked down by only 20-30 percent. If in December the monthly currency emission amounted to 12 trillion, then in January it must be equal to 8 trillion. To account for this, the Ukrainian Cabinet of Ministers must designate 4 trillion worth of savings. According to the National Bank's plan, Ukraine must gradually make the transition from the 80-percent monthly inflation jumps which characterized the end of 1993 to well-harmonized, constantly lowered, and sensible currency emissions during 1994 by means of what Yushchenko called an "economizing" system. The NBU has submitted a scheme for such a system to the Supreme Council for its approval and ratification. The success of this package can be guaranteed only by a well-coordinated, finance-budget and economic policy on the part of the government, the central bank, and the parliament. If with such an alliance no success is achieved within a brief time period on account of the NBU's exclusively monetarist powers, the time bomb which can be perceived even now will explode in a "cloud of blossoming white smoke."

Another key factor in the National Bank's monetary policy is a positive, favorable interest rate. The bank has set a nominal rate equal to 20 percent per month (which amounts to an annual rate of 240 percent) and does not see the need to adjust it upward to the level of the monthly inflation rate. We need to tie inflation in to the price of money rather than the other way around. If this price is set, for example, at the inflation rate which prevailed as of November 1993—i.e., 84 percent—no operating budget or economic plan could endure such torture. A critical percentage rate must be set, and the state's entire anti-crisis policy must be keyed to that rate. Talk within the government to the effect that such a rate would be a hyperinflationary factor is absurd. Only Ukraine is capable of discussing such a topic. Academic theory excludes even the possibility of any kinds of disputes on that score.

Yet another important factor in stabilizing the Ukrainian monetary unit is currency regulation. Ihor Mityukov, the National Bank's leading expert on this matter and the NBU's deputy chairman of the board, has called currency regulation an important instrument in the matter of regulating exports and imports and eliminating the deficit in our foreign balance of payments. Recently, however, because of the universality of VKV [freely convertible currency] the currency policy has become confused and is being replaced by a policy of taxation, customs duties, and export-import fees. The right to twirl foreign currency around is being taken into the hands of the government, leaving to the National Bank the role of an observer of a

downward slope and the declining potential to carry out currency operations to the point where they amount to worthless tokens. The divergence in the approaches to the organization and instrumentality of the currency market, as well as the difference in views on creating exchange rates provide several more occasions for comparing their dispute with the Middle Eastern conflict: Yushchenko's National Bank is Yushchenko's National Bank, whereas Zvyahilskyy's government is Zvyahilskyy's government, and they will never get together on matters policy regarding currency or exchange rates. According to Mityukov—whom we mentioned earlier—currency exchange rates ought to be under the jurisdiction of the NBU, but the Cabinet of Ministers thinks "a bit" differently and has called the fixed exchange rate "12610" the most important element in the policy of state regulation. A small ray of hope with regard to the possibility of making the transition to a course of regulations has been dashed—perhaps even extinguished by the National Bank's deputy chairman of the board; there is simply no mutually agreed-upon scheme of regulation. In principle, such an opposition is not normal; they understand this at the NBU and, therefore, act on the basis of the following principle: "The sensible man does not go up the mountain—the sensible man goes around the mountain." There is already agreement with the machine-builders and miners concerning the sale of currency on auction-type principles. Nor has agriculture been forgotten (in order to assist rural inhabitants in finishing their sowing, the National Bank has decided to buy up the dollars saved by such inhabitants—at a price of 30,000 kr. [karbovantsy] for one dollar).

One of the components of the currency market—the NBU's currency auction—is likewise experiencing some rather unhappy times: Offers have stabilized at the level of 8-9 million dollars a month; as a result of already-adopted emissions decisions, demand has risen sharply. The fixed rate of exchange for the karbovanets is depressing exporters, and—therefore—an increase in the rate of exchange at the auctions will hardly be able to provide more available freely convertible currency. The situation is tragic. In order to provide shelter for those many producers who have not been able to make their way to the tender committee, the NBU retained the auction but was forced to yield to administrative restrictions in accepting conditions for buying currency. The circle of restrictions will thereby become somewhat wider; moreover, the auction will continue to operate for some time, ensuring—first and foremost—the purchase of energy resources, raw materials, and technical needs.

...Viktor Yushchenko has recently begun to gather journalists together quite frequently. He does not complain to them, but merely tells them about his own work. Operating under the conditions of opposition and misunderstanding is difficult and often thankless—something like being forced to spit into the wind, when one feels like spitting in all directions and going on to something else. It seems that only the National Bank is bearing in mind the fact that rescuing drowning persons is largely a matter for the very persons who are drowning. In the wondrous country of the Swan, the Crab, and the Pike Middle Eastern motifs have not abated.

Odessa Oil Terminal Deemed Vital to Ukraine's Fuel Supply

Kiev UKRAYINSKA HAZETA in Ukrainian
31 Mar-13 Apr 94 p 3

[Article by Oldrzhyykh Hlavati, UKRAYINSKA HAZETA commentator on energy problems, professor, doctor of chemical sciences, and section chief at the Institute of Biochemistry and Petrochemistry under the Ukrainian Academy of Sciences: "The Odessa Oil Terminal Seems Important Only to Our Enemies: Reverberations Following an Item Published in UKRAYINSKA HAZETA"]

[Text] Appearin in the second issue of UKRAYINSKA HAZETA was an article by a certain Mr. Listopad entitled "Even 70 Grams Could Destroy Odessa." This item is a classic example of an incompetent discussion of important problems. If it had appeared on 1 April, it could have been perceived as a clever joke.

In order to demonstrate the professional level of this item's author, let's analyze just a few of the "pearls" with which it is filled to the brim.

Thus, for example, the author makes a catastrophic prediction concerning the Black Sea—"the world's bluest"—by subtracting from the 2800 tonnes of oil which could get into the water 2600 tonnes, from which the sea could—so to speak—cleanse itself. If Mr. Listopad had the slightest notion of how to deal with this problem, he would know that in such calculations 2800 and 2600 tonnes are really the same thing. And there are specialists who assert that the Black Sea could handle much more than this.

Another piece of nonsense in this article is the following: "Those persons who were clever enough to catch such oil-saturated fish, cook them, and eat them are now lying in cancer-treatment facilities." The exact opposite of this information is correct. Nowadays many persons ill with cancer are being successfully treated with gasoline (by the way, in olden times—before petroleum became a fuel, it was utilized for treating various diseases).

Here's another "pearl": "Burning oil gives off a cloud of ammonia, which could turn Odessa into a real graveyard within a few hours." I do not know what kind of education Mr. Listopad has, but in a high-school chemistry class he would deserve a grade no higher than a "Two."

It would be interesting to know whether Mr. Listopad accumulated this nonsense on his own or whether such "information" was, perhaps, imparted to him at the Ecological Academy, the president of which is the academician-economist, Mr. Dorohuntsov—a person well-known to us by way of the parliament. Incidentally, the principal specialists in ecology (including that of the above-mentioned terminal) who are working for him are also economists who have been generously awarded the title of academician. We are reminded willy-nilly of Krylov's well-known fable about "piemakers" and "shoemakers."

The fact that Mr. Listopad's article appeared after the decision to build the Odessa Oil Terminal was adopted leads me personally to conclude that this is a conscious

piece of disinformation, directed at undermining the terminal, and thus safeguarding and preserving Russia's monopoly on supplying oil to Ukraine. Ukrainians, Russians, and members of national minorities—to which the article's author also belongs—feel in their own stomachs what this monopoly has brought about. The reason why the inhabitants of Ukraine, which produces more food per capita than Russia, have had to eat worse than the inhabitants of Russia (particularly those in Moscow) during the last two years is to be explained by this very monopoly. The fact is that we do indeed buy oil in Russia at a price which—in dollars—amounts to 80 percent of the world price. But as a result of the fact that the exchange rate of the ruble to the karbovanets—something which is also dictated by Russia—exceeds the real price several times over, we in practice are paying for this oil at triple the world price. The following paradoxical situation has evolved: Our state obtains prices which are too low for its agricultural products and then uses this money to buy oil in Russia; it then refines it at Ukrainian refineries. As a consequence of this activity, we are obtaining not a profit, but rather a decline of our agriculture and an increase of our debt to Russia (by the way, such a situation was already begun by L. Kuchma, who now dreams of becoming president and returning Ukraine to the embrace of its "elder brother"). We should remind ourselves that Russia is already demanding that—in exchange for our debts—we give it our oil refineries, trunk pipelines, and the reserves of our underground storage facilities. In practical terms, this means that Mr. Chernomyrdin would be in charge of issuing heat to our apartments and houses. Then we will be shown where crabs spend the winter.

In concluding the topic of oil terminal safety we should remark that France—which is roughly similar to our country—takes in approximately 80 million tonnes of oil, whereas the United States takes in as much as 300 million tonnes (transporting it in tankers from as far away as the Middle East!). And there are no serious problems there except for an occasional accident. And nobody rejects the idea of oil terminals.

Therefore, if our terminal is built under the direction of a firm which has worldwide experience, the "world's bluest sea" will—perhaps—remain virtually unchanged (incidentally its greatest pollutant nowadays is Odessa's fecal matter—something which Odessa's people's deputies know about).

Now about the need for such a terminal. This oil terminal must be built as quickly as possible not only because Russia is selling us oil at triple the price prevailing on the world market, but also because it is sending us very bitter, high-viscosity, high-tar, and high-sulfur types of oil (based on the principle of "It's no skin off my nose"). This has reached the point where the Kremenchug Refinery produces diesel fuel having a sulfur content of 1 percent instead of 0.2 percent (as a result of which the amount of acid rain has increased by a factor of 5). Recently, in connection with the poor quality of crude oil, we have not even been able to make lubricating oils (products in extremely short supply, and without which we cannot sow

our crops nor even drive to work). Moreover, as to importing such lubricating oils from Russia, that is impossible because—despite the enforced cutback in production at Russian refineries due to the lack of sales, selling these oils to Ukraine is prohibited (Moscow has issued no quotas).

In summing up, we specialists must issue the following warning: Unless we have an alternative facility for delivering energy sources by next winter, we will freeze like the Armenians, or we will finally lose our independence. It is

also likely that—no matter what happens—we will have to get by on 300 grams of bread, using ration cards as they are now doing in Georgia.

This past winter (just as during the time of the Chernobyl catastrophe) we were saved and protected by the Sophia Mother of God. But we must not abuse Her patience.

In my next article I will talk about what a negative and unpatriotic role the State Committee on Oil and Gas has played in solving our energy problems.

MOLDOVA

Edict Creates 'Teleradio-Moldova' Company

*944K1100A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 15 Mar 94 p 1*

[“Edict of the Republic of Moldova President: On the Establishment of the Teleradio-Moldova State Company”]

[Text] With a view to ensuring objectivity of information, ruling out the danger of monopolization of radio and television by sociopolitical parties and organizations and their associations, and ensuring the effective operation of radio and television on the basis of democratic principles, in the interests of the state and society,

the Republic of Moldova president resolves:

Article 1.—The National Radio and Television of the Republic of Moldova shall be liquidated.

Article 2.—The Teleradio-Moldova state company shall be created.

Article 3.—Laid-off personnel of the National Radio and Television of the Republic of Moldova shall be placed in jobs in keeping with legislation in effect.

Article 4.—The Teleradio-Moldova state company shall be managed by the company chairman, and its operations shall be coordinated by the coordination council.

Article 5.—The management of the Teleradio-Moldova state company shall develop a draft Company Charter and submit it for approval within one month.

Article 6.—Until the Law on Radio and Television is adopted, the Teleradio-Moldova state company shall be granted the right to register TV stations and radio stations of the republic, and the coordination council shall be granted the right to coordinate their operation.

Article 7.—It shall be established that:

the chairman of the Teleradio-Moldova state company shall be appointed to and relieved from his position and the membership of the coordination council shall be confirmed by edicts of the Republic of Moldova president, with subsequent approval by the Republic of Moldova Parliament;

the employees of the Teleradio-Moldova state company shall be hired on a contractual basis;

in keeping with legislation in effect, the employees of the Teleradio-Moldova state company cannot be members of sociopolitical parties and organizations.

Article 8.—The government shall:

finance the operation of the Teleradio-Moldova state company from the republic budget;

take the necessary measures to upgrade the company's equipment.

Article 9.—The present edict shall take effect on the day of signing.

[Signed] Republic of Moldova President Mircea Snegur
Chisinau, 11 March 1994

Minister Details Transport Sector 1993 Performance

*944K1100B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 16 Mar 94 pp 1-2*

[Article by Boris Gherasim, Republic of Moldova minister of transportation: “Transportation: Prospects and Hopes”]

[Text] The year 1993 turned out to be extremely difficult for the enterprises and organizations of the ministry. We can say that the public transportation of the republic was left without work and support. In 1993 the total volume of freight carriage by public-use motor vehicles declined to the level of 1956. Passenger transportation by bus was at the level of 1960; fares were down to the level of 1959.

If we compare the results of 1993 with the maximum attained, 12.5 times less freight was carried than in 1986 (120 million tonnes), and 6.7 times fewer passengers were carried than in 1987 (475 million passengers).

The truck fleet is down to 6,300 units, which comes to 50 percent of the 1985 level, that of buses—to 2,540 units, or 60 percent of the 1988 level, and that of taxicabs—to 795 units, or 60 percent of the 1988 level. Out of this fleet of rolling stock, 3,800 trucks, 1,100 buses, and 250 taxicabs were idle and without work while technically in proper repair.

We are losing skilled cadres of automotive personnel. In 1993 their number fell by 3,563. The average wage in motor vehicle transportation in December of last year came to 56 lei. More than 9,000 employees, or 45 percent of the total number of employees in the sector, have been furloughed or are working short work days.

There are enterprises in the sector that are, in essence, bankrupt and have not been officially declared so only because of the absence of a procedure for effecting this process.

It is necessary to recall that public-use motor vehicle transportation amounts to only a segment of motor vehicle transportation in the republic. Unfortunately, its proportion of transportation work fell from 25-40 percent to 8-11 percent (in terms of volume of freight transportation). Despite the absence of support from the government, the productivity of public-use rolling stock remains higher than that of such transportation belonging to other departments, and producer cost comes to 82 percent of the average republic indicator.

The ministry has proposed and will strive to solve a number of problems in order to improve the situation in the transportation sector. First, the adoption of the Law on Transportation in the Republic of Moldova and the development of new transportation legislation based on it for the main areas of operations. The process of privatization and denationalization should be accelerated. The experience of other countries and the current state of affairs

indicate that motor vehicle transportation should be private for the most part. In keeping with the State Privatization Program, 77 out of the 128 enterprises reporting to the ministry should be privatized in 1994 and 1995. This will make it possible to adapt more quickly to meeting the needs of the clients and, therefore, to compete with departmental motor vehicle transportation more effectively (incidentally, the experience of private operators who already exist in the republic confirms this).

We are going to work, together with other organs of state government, on a package of legislative documents that will give priority in operations to automotive personnel who perform such operations to higher professional standards (through a system of excise taxes, local taxes, cost of licenses, credit, state investment, and so on).

Through our subordinate enterprises and the state we will facilitate the development of an infrastructure for motor vehicle transportation, forwarding and dispatcher services, insurance, freight storage, accounting and settlement operations, etc. by establishing companies in these areas, merging motor vehicle enterprises into associations to this end, and so on.

The task of systematizing the flow of information concerning automotive transportation operations by all economic agents, regardless of their departmental affiliation, and automating and computerizing this process with a view to more balanced decisionmaking is extensive.

Apparently at this stage (1994-1995) it should be proposed that incentives be provided for the acquisition of the kind of rolling stock the republic needs badly (refrigerated trucks, trailer trucks, delivery vehicles).

Within the framework of denationalization, we consider it necessary to accelerate and enhance proposals to convert some of the assets of motor vehicle transportation into municipal property for services and the accomplishment of regional tasks.

The problem of urban transit is particularly acute. In this instance, cooperation by all institutions of the state and the population is needed. Of course, targeted investment is a priority.

The Moldovan Railroad is a very important and complex link in the national economy. The volume of freight carriage dropped, amounting to 6.2 million tonnes, or 3.5 times less than in 1989. The level of passenger transportation declined insignificantly and came to 16.9 million passengers because of lower fares (compared to buses and aviation).

The rates in this mode of transportation are more stable, although they did change in 1993 by a factor of five for freight carriage and by a factor of three for passenger carriage.

The republic railroad also has its share of problems. There are 220 kilometers of the main track which are overdue for major repairs, and an absence of 250,000 wooden ties and other structural track materials. The service life of more than 1,500 freight cars is coming to an end; of 273 diesel

locomotives, 45 were built between 1966 and 1972; of 43 diesel trains, the service life of 13 has ended; 15 percent of passenger cars were produced more than 20 years ago.

Government Decree No. 727 dated 19 November 1993 envisioned a number of very essential areas of development for the railroad: electrification of main lines, construction and upgrading of the Revaca-Cainari rail line, and upgrading and expansion of the Chisinau and Ungheni railway terminals. A transportation pattern is being developed, and the issues of designing and building a high-speed rail line to European standards between Istanbul, Sofia, Chisinau, and Kiev, expanding the network of rail lines in the north and south of the republic, and developing proposals to switch to the production of equipment and spare parts for the needs of railway transportation at some industrial enterprises are being worked on.

The volume of carriage by inland waterway transportation fell considerably; in 1993 only 450,000 tonnes of freight and 465,000 passengers were carried. At present, it is also difficult to coordinate the operation of this mode of transportation because of the political situation on the left bank of the Dniester.

At present, the attention is mainly focused on expanding the operation of the maritime company, including the use of national crews, the preparation of materials of a legislative nature for maritime and inland waterway transportation, and the expansion of work associated with designing a port on the Danube.

The year 1993 was difficult and full of strain for the road construction and maintenance sector of the republic. Only 215.4 kilometers of roadway were repaired, or 11 percent of the level of 1990 when the maximum volume was attained. Only eight kilometers of roads were built. Late passage of the Law on the Road Tax in 1993 added to the general problems in this instance; it virtually left the sector without funds in the reporting year. The funds that were received in the fourth quarter were only 80 percent utilized.

With a view to improving the situation in the road construction and maintenance sector, preparations are being conducted for surveying the entire public-use road network and classifying roads by their use at present and in the future. Priority sections for repairs, upgrading, and construction, their length, and outlays are being determined; proposals are being developed to improve financing.

All areas of development of the sectors of the transportation complex are closely interconnected and overlap in many instances. This is why it is necessary to arrange them in a coordinated manner. The aforementioned areas were specified on a sectoral basis, but there also are areas of general concern. The main ones among them are the development and signing of international agreements and treaties, the systematization of proposals for the possible attraction of foreign investment, development of a program for cadre training and retraining, participation in the development of programs for taking advantage of the transit situation of the republic, participation in ecological programs, and so on.

Work in these areas requires considerable labor and the use of many specialists, which necessitates that they be paid.

Of course, nobody in the ministry stays away from everyday work. Nonetheless, a state system of the transportation complex of the republic should also be built—not a governmental but precisely a state system, that is, one rational from the point of view of consumers, of all inhabitants of Moldova.

The author requests that the honorarium due to him be transferred to the fund of the editorial office.

Birshteyn on Seabeco Operations, Rutskoy Connection

*944K1101A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 17 Mar 94 p 2*

[Interview with B. I. Birshteyn, by I. Koretskiy; place and date not given: "Boris Birshteyn: I Am an Absolutely Independent Person"]

[Text] The name Boris Iosifovich Birshteyn is well known on one-sixth of the land mass. He is praised and cursed, presidents and journalists want to meet him, and everything from cock and bull stories to the unmitigated truth are told about the affairs of The Seabeco Group.

Seabeco is not being ignored in our republic either. The firm is quite often spoken and written about mostly in a poor light. Essentially that involves a rehash of Russian events which have already set our teeth on edge. Having obtained an exclusive interview with Birshteyn, we were interested not in rumors and gossip swirling around this outstanding individual, but most of all in the personality of the creator of Seabeco, so to speak, in its undiluted form: his views of life, business, and contemporary Moldova. That was what our conversation with B. I. Birshteyn, who has visited our country more than once, was about.

[Koretskiy] Welcome to Moldova Mister Birshteyn. These days the republic is leading an intensive political existence—elections and the sociological poll. Is your visit associated with these events?

[Birshteyn] Absolutely not. This is a routine business trip connected with the practical realization of one of our projects involving investment in agriculture of Moldova. It is still too early to mention it to the press, I will merely say that the amount of investment involved is quite respectable even by western standards.

I do not get involved in politics and it is not my habit to exert influence or, God forbid, alter anything in the political life of this country in which I am investing my capital. But if you are interested in my own personal viewpoint concerning recent events, then, naturally, for me as a businessman and for my western colleagues it is more advantageous to deal with an independent, sovereign state rather than with someone's province.

[Koretskiy] Boris Iosifovich, this is your first interview with the republic press, therefore please acquaint our readers with what is called The Seabeco Group. The

Russian as well as our own press, unfortunately, contains highly confusing and contradictory depictions. This is evidenced by the telephone calls and letters coming in to the editorial office.

[Birshteyn] H'm! I have not been asked that question for a long time. It is considered that everything is known about Seabeco.

Well, Seabeco is a group of private companies of different profiles which I own. Our sphere of activity includes trade, particularly trade in fertilizers and metals. It is a financial business and includes industrial projects. We are also engaged in the service sphere as evidenced by this hotel in Chisinau where we are having our conversation.

[Editor] Boris Birshteyn was born in Lithuania in 1947 and is a graduate of Vilnius University. He reached the pinnacle of his career in the USSR as director of a textile plant. In 1979 he emigrated to Israel together with his wife, then moved to Canada. A year later he founded his "The Seabeco Group." To form that name he used the first names of his children—Semen and Alona Birshteyn. At present the Birshteyn family resides in Zurich, Switzerland.

[Koretskiy] What links do you have with Moldova?

[Birshteyn] A small human weakness which is called love for this remarkable nation and its hard-working people. Coming here many years ago I was charmed with Moldova and still feel that way to this day. Because of which I am attempting to make and do make my most serious investments in Moldova.

[Editor] Boris Birshteyn made the first major investment of his capital in Moldova in 1990 deciding to remodel the old Oktyabrskaya Hotel into a four-star western style hotel. That was requested by the then leadership of the republic which became mired in debt reconstructing its prestigious hotel. These debts owed Vneshekonombank of the USSR subsequently transferred to the government of sovereign Moldova and when the question concerning their repayment became a pressing one, businessman Birshteyn proposed an original move as a result of which dollars from the repayment of the foreign currency credit debt in the amount of over three million dollars went into the budget of the republic. In that manner Seabeco is providing the government with interest-free credit. Our Moldovan leu was printed in Paris and modern communications, defense, and special equipment for the Ministry of Internal Affairs were paid for specifically by money from the firm. The Orgeyev Cannery is undergoing reconstruction and a zone of farms with a complete service complex is being created in Faleshtskiy Rayon on the basis of Seabeco designs and at its expense. The firm provides assistance through sponsorship of projects in the sphere of public health and culture as well as aid for those with low incomes and for victims of combat operations. Last year some 50,000 leus, over 2,000 dollars, and more than 4,000 FRG marks were allocated for that purpose.

[Koretskiy] Mister Birshteyn, without revealing any trade secrets pertaining to your future projects, let us talk about where your investments will be going.

[Birshteyn] I am proceeding from the fact that Moldova is basically an agrarian republic and, naturally, I intend investing capital in agriculture and, in particular, in the processing industry. Then, taking into account the geographical position of Moldova, its climate, and the existence of a diaspora both in the far and the near abroad, I believe that it is necessary to develop a tourism industry.

[Koretskiy] Allow me to disagree with your viewpoint concerning the agricultural profile of Moldova and remind you of the first-class potential of the republic in the machine building and electronic industry. Unfortunately these capacities are now idle and the industry is in a decline. On the basis of your experience could you suggest a way out of this dead-end situation?

[Birshteyn] I am not an electronics expert but I am quite familiar with the experience of Far Eastern countries which created such a powerful market in that branch. Therefore today it is extremely difficult to meet the demands of modern electronics, that is, to win the market. But not hopeless. How? Through the production of unique units and blocs calling for the efforts of highly skilled personnel. In the East as well as in the West everything is based on high-precision automatic equipment, flow lines. Moldova, however, would be able to interest producers with its highly skilled workers whose labor is relatively cheap. Here it is necessary to look for partners. I brought up that question with Muravskiy's government.

[Koretskiy] Did you bring it up as a member of the Higher Economic Council of the President of the Republic of Moldova?

[Birshteyn] Yes. Unfortunately, however, nothing happened.

[Koretskiy] Tell me, Mr. Birshteyn, as chairman of the Higher Economic Council do you see a way out of the crisis in which Moldova has found itself?

[Birshteyn] I would like you to take into account that this crisis has engulfed all countries of the so-called socialist camp and it is quite natural. Therefore there is no need to dramatize the situation. I personally believe that Moldova will get on its feet before other CIS countries providing there is a stable political situation, because of its geopolitical position, economic base, and the industriousness of the people. These are the powerful internal reserves which have not been mobilized until now. But help and investments are needed in any undertaking. That is the first factor which must come into play.

Several days ago I helped to organize a meeting of a large group of western businessmen with the president of Moldova. The discussion concerned investments, big investment projects which open up extensive prospects. A frank business dialogue took place in the course of which the head of the republic expressed doubt in the current course toward acquisition of credits to the detriment of investments. If the policy of the government in that area should

change, consider it to be my small contribution as chairman of the presidential council. After all the investor brings not only money into this country but also, what is most important, his expertise and knowledge, the ability to organize the undertaking so that it profits the investor and the country, and this means the people as well. In addition to that it allows entry into western sales markets which in turn means the reverse flow of foreign currency. Is that not advantageous for the country?

Very many pilot projects were proposed at that meeting which will undoubtedly be followed by others. It is a good sign when major western firms manifest interest in investing in Moldova.

[Koretskiy] Mr. Birshteyn, again, based on your experience of cooperation with Moldova what obstacles do you visualize in the way of these vivifying investments?

[Birshteyn] I believe that the answer is clear to anyone with even a minimal involvement in business. Conditions for the development of business are needed. A legislative base is required which clearly differentiates the rights and duties of the businessman. The domestic and foreign businessman. In order to avoid groundless accusations of nation pilfering. How can I be pilfering the nation when I am investing my capital in it and building? After all Birshteyn, for instance, cannot take this hotel or plant, or a processing line with him to Canada. It was and will remain the property of this country. My task is that of any investor which is to ensure that the property is viable, earns profits and provides employment for people.

We also touched on another one of these obstacles—the tax policy. When taxes exceed a reasonable limit they discourage any interest among investors to inject their capital into this country. It is possible to understand the young state which is attempting to satisfy its needs through the tax system. But not at any price. "At any price" is not always the correct policy. Life is already suggesting to the politicians where they made an incorrect step in that sphere and everything, one must think, will return to a normal, civilized path. After all they were able to establish some benefits for agriculture and the processing industry. That means not everything is lost.

[Koretskiy] Let us return to the search of ways to resolve the economic crisis. For some of our politicians the creation of free economic zones appears as a panacea against all economic ills. What do you think about that idea?

[Birshteyn] I will not hide the fact that it appeals to me and I was one of those who voiced this repeatedly. Except that it was not about the economic zone but about the offshore business zone. Similar to Liechtenstein and Monaco. It means that for local and foreign capital special preferential conditions are created for development. These conditions, which are covered in international law, allow the state to develop necessary branches to its advantage and receive profits for the servicing of investments, while building and growing richer, without investing its own funds.

[Koretskiy] Boris Iosifovich, you stated that you are making your main investments in agriculture of Moldova.

Great transformations are now taking place in the countryside. The reform is destroying kolkhozes and allows joint-stock companies to develop, along with peasant farms, and farmers. In your business dealings who do you prefer working with—kolkhozes or individual farms?

[Birshteyn] This question, I see, is a loaded one. I will answer frankly—I prefer to work with the state. Always. All those projects which I mentioned will be carried out together with the government on an equal footing. The government will get its share and our firm will get its share. All this will take place on a contractual basis and the results can be checked through documents at any time.

[Koretskiy] Excuse me, but here is another "loaded" question. You worked on the basis of the same principle, i.e. directly both in Russia and Kyrgyzstan, which is what gave rise to accusations against the Seabeco Firm.

[Birshteyn] These accusations, however, burst like a soap bubble once documents and facts were presented. Also I find it difficult to understand how it is possible to level groundless accusations from a high tribune without troubling to acquire information from the Ministry of Foreign Economic Relations. After all every figure is reflected in it. Since these documents made their appearance my stern critics fell silent. For those reasons I released an official statement that I am terminating my activity in Russia and Kyrgyzia.

[Koretskiy] Here, in Moldova, criticism was also leveled against Seabeco regarding accuracy of information.

[Birshteyn] You know, I pay no attention to that ballyhoo either here or over there. There is no time. The accusations themselves are so confused and stereotyped that one begins to wonder. Is it not absurd to say that Birshteyn, using his private aircraft (Ha-Ha) brought over nuclear waste in order to bury it in Krikov mines or somewhere in Siberia.

Someone wants to put the blame for all the troubles on Seabeco or on any foreigner in order to appear patriotic. Time usually provides the best evaluation of such phenomena. Even the "great sinner" Rutskoy is now free and criminal proceedings were initiated against his "righteous" accusers.

[Editor] NEZAVISIMAYA MOLDOVA has a packet of documents and official papers compiled by various monitoring organizations of the republic at different times.

They provide a most thorough analysis of all activities of the Seabeco-Moldova firm, citing figures and balances and reflecting the legislative base underlying operation of the firm as well as audits of the mutual settlement of accounts with the co-founder. The only violation that the auditors were able to reveal was a delay in deduction of funds into the Social Fund of the republic, for which a fine was levied in the amount of 17,392 Moldovan rubles.

[Koretskiy] By the way, about Rutskoy. Your well-known flight from Moscow to Chisinau on your personal aircraft was viewed in the republic in a highly varied manner. Could you shed more light on this unusual visit now, sometime after the fact?

[Birshteyn] As commonly known there was a war going on at that time and it is the most loathsome thing I have ever known in my life. My soul rebelled against blood being spilled on the land I love, against the suffering and grief of the refugees and the overall depression in society. I was informed that the figure of Rutskoy was the spark that ignited that war. His presence in Tiraspol was viewed as approval of their course, as a carte blanche. Knowing him personally I considered it my moral duty to ask Rutskoy to come here and help resolve the conflict. To my great delight I succeeded.

[Koretskiy] Mr. Birshteyn, your faith in male friendship is impressive. You have never renounced your friends who worked in the CPSU Central Committee after this seemingly invincible party disintegrated. You did not disavow Rutskoy either when he was put in jail or any of the others who found themselves in disfavor. What is that—a pose, self-confidence, a character trait?

[Birshteyn] In Moldova, inasmuch as I know, that is called "Cei sapte ani de acasa" (seven years of home upbringing). I was raised in a cultured family where the concept of friendship, keeping one's word, and decency were placed above all.

My attitude toward a person whether he is a minister, the president, or a driver never comes from the desire for personal gain. Many of my friends, as they say, had their ups and downs, but that did not alter my attitude toward them because am an absolutely independent person and treat my attachments as I deem necessary, without caring for the opinion of others or proceeding from the political situation. I value true friendship and know how to prize it.

[Koretskiy] Without beating around the bush, tell me how compatible are the concepts of morality and business.

[Birshteyn] I know that education using the classics of Marxism-Leninism as an example, has imbued people with a certain stereotypical way thinking in this regard. I would like to note that in the business "word", real business, decency and keeping one's word are valued above all else. That kind of reputation is highly valued.

In my business dealings I have always tried to take the honest path, engage in good business, and attain a certain level so that my firm logo would be associated in people's minds with good quality work. A few days ago I met a gentleman who thanked me for the high quality of my sports outfits. But, good heavens, I was in sports outfits some ten years ago. This means that the buyer remembered and appreciated it. This is very important and dear to me.

To earn money just for the sake of money is a boring undertaking. I have always wanted for my capital to bring good to people. That is why I have built and will continue to build, I am initiating new projects that will remain after I am gone. That, after all, is also morality. The fact that such a style of work does not appeal to some and they attempt to blacken everything is also a peculiar form of morality. Fortunately time puts everything in its place.

Passions will calm and they will be forgotten, while this hotel and much else will remain and serve the people and Moldova.

[Editor] Boris Birshteyn does not like being over-cautious. He is not prone to sentimentality and reflection which are so peculiar to the intelligentsia, or apprehension which is characteristic of entrepreneurs of Soviet origin. His trusting nature is combined with a narrowly utilitarian outlook and pragmatism.

Mr. Birshteyn cannot "stop and glance back" to show off before a mirror, to brag, let us say, about his wealth, and rest on his laurels. He sincerely believes himself to be a gentleman who has never harmed anyone. Birshteyn has so little time for thinking about himself that he hesitated answering questions about what color his eyes are or how many languages he speaks..

Boris Birshteyn speaks Russian, German, English, Yiddish, and Ivrit and uses them all in his work.

[Koretskiy] A new strata of business people is now forming in Moldova. What errors would you warn them against?

[Birshteyn] Against "grab and rest." That is unpromising. It is important to think and act in a broader fashion. Here I see one of my own omissions which I am hoping to rectify. The thing is that Moldova has no good schools for business training. I managed to establish something like that in Kyrgyzia. It is staffed by highly qualified foreign professors who teach the ABC's of modern business life. Graduates receive not only an international class diploma, but also good knowledge which helps them start their own businesses. I hope that such a business school will appear in Moldova as well.

[Editor] We, however, are hoping that not just a business school as such will make its appearance in Moldova, but a school of Moldovan business in the broadest sense of the word, i.e. our own class of business people who will build business on the basis of principles propounded by B. I. Birshteyn.

Topal on Gagauz Concerns, Election Results

944K1097A Chisinau KISHINEVSKIYE NOVOSTI
in Russian No 13, 19 Mar 94 pp 1-2

[Interview with Stepan Topal, president of the Gagauz Republic, by G. Golya; place and date not given: "Stepan Topal: 'I Believe in the Wisdom of New Politicians....'"]

[Text] To the surprise of many people, the residents of rayons densely settled by the Gagauz population displayed the greatest activity during a parliamentary elections held in the republic and the sociological poll "Council With the People." As late as two weeks before the election, the local administration spoke about the intention of a majority of the population not to participate in these actions.

However, the politicians of Chisinau and Komrat summoned up the courage to rise above past wrongs and to take steps toward each other. As a result, about 100,000 citizens of Moldova of Gagauz nationality who desire peace and stability on this rich land were given an opportunity to take advantage

of the right to vote. Their hearts are alive with the new hope that the confrontation will come to an end, and that the Gagauz knot which has been tightly tied over the last three years will be untied reasonably. This is how our dialogue with Stepan Topal, then president of the unrecognized Gagauz Republic, began.

[Topal] The elections proceeded successfully, and political life has calmed down somewhat. A session of our parliament held on 11 March ratified the results of the sociological poll during which an absolute majority of the Gagauz came out in favor of Moldova's independence. Simultaneously, we held a referendum during which local residents came out in favor of the existence of the Gagauz Republic within a united Moldova.

We now live in anticipation—anticipating that the leadership of Moldova in the person of President Snegur and the political forces that have come to power will keep their election promises and solve the Gagauz problem.

We are satisfied with the results of the elections; after all, precisely those parties that the Gagauz population supported have come to power. Both the Agrarian-Democratic Party and the Socialist Party have given positive assurances to the effect that they will resolve the Gagauz issue at the very first session.

[Golya] Did this promise prompt the Gagauz administration to reconsider its original decision?

[Topal] Not just this. Perhaps the Congress "Our Home—the Republic of Moldova" which was held in early February was the turning point. For the first time in the last three years President Snegur and other leaders from Chisinau officially stated at the congress that the Republic of Moldova is building its own statehood, not striving to unite with Romania, will ensure equal rights for all its citizens, and will not allow them to be infringed upon.

This coincides fully with our position; for three years we have been fighting for Moldova's sovereignty and independence. It appears that our intentions coincide at present.

Being aware of the situation, we accommodated them, opened polling stations, and facilitated active participation of the people in the elections, although we were apprehensive about being cheated yet again by Moldovan politicians. The ball is in Chisinau's court. We would like to hope that our worst apprehensions will not come true.

[Golya] What is the explanation for the fact that most voters in areas densely settled by the Gagauz population voted in favor of the Electoral Bloc of the Socialist Party and the Unity Movement?

[Topal] Perhaps it is due to their having worked with the voters more. To be sure, quite a few Gagauz voted in favor of the Agrarian-Democratic Party. Judging by their programs, these very political forces are capable of justifying our expectations. A bigger vote for the Socialists might also have been due to the fact that most of the candidates from the Agrarian-Democratic Party of Moldova were also

members of the old parliament. They were not able to resolve the Gagauz issue, and for this reason the voters had less confidence in them.

[Golya] Stepan Mikhaylovich, at the outset, when fundamental differences existed between Komrat and Chisinau, you cooperated with the Dniester area and provided feasible support to each other. How are your mutual relations developing at present?

[Topal] Normally. We have signed a treaty of friendship and cooperation and we fully comply with it. The Dniester area has helped us with the necessary energy resources and other materials. We believe that the problems of the Dniester area and Gagauzia should be solved in parallel. Failure to solve the Gagauz problem will affect the Dniester area, and the other way around. It is necessary to resolve the status of the Dniester area and Gagauzia as soon as possible and to determine the state structure of Moldova.

[Golya] How do you see it?

[Topal] We should proceed from reality. We believe that, by all signs, a federated or confederated structure is the most realistic under current conditions. I do not understand why some politicians and statesmen of Moldova are in mortal fear of this. After all, there have been dozens of examples throughout the world of countries with federated structures retaining their integrity.

Such is our opinion. It virtually does not contradict the draft law on Gagauz Eri autonomous oblast within the framework of which President Snegur proposes to solve the problem.

However, this should be a draft developed with the participation of our representatives rather than the one that was written in one night in the office of Mr. Arseni. Many questions were raised concerning this document in Strasbourg during an expert evaluation. We are now forwarding our clarifications to the Council of Europe and hope that the new parliament will discuss a draft law which is drawn up with our remarks taken into account.

[Golya] Perhaps some problems of the Gagauz may and should be solved within the framework of the Law on Ethnic Minorities, too....

[Topal] Possibly. We are prepared to participate in its development in order to ensure guaranteed rights for all residents of Moldova. However, it should be kept in mind that the Gagauz do not consider themselves an ethnic minority. I would like to ask those who maintain this: Where do the Gagauz form an "ethnic majority?" We will not reach an accord if we once again begin by discriminating against an entire people, the Gagauz people. In the old parliament we heard enough statements to the effect that the Gagauz are strangers, that they are not a people.

[Golya] Some Gagauz were elected to parliament only on the ticket of the Agrarian-Democratic Party because from the beginning of the election campaign you actually ignored the latter. Are those too few, perhaps?

[Topal] The Gagauz should receive a quota of their own in the new parliament, just as in the structures of executive power. We hope that the new parliament will show understanding for this problem and will give our representatives an opportunity to work within the state structures. Otherwise it would be difficult to say that our problem has been completely solved. The point is that the Gagauz who came to the parliament on the tickets of various parties represent themselves rather than the Gagauz people. They live in Chisinau, and their hearts do not exactly bleed for their fellow Gagauz. This is not a rebuke to them; such is reality.

[Golya] How do you structure your foreign policy?

[Topal] We consider ourselves to be an autonomous entity within the Republic of Moldova, and proceed from this. Naturally, if the Gagauz problem is solved we will have no claim to pursuing our own foreign policy.

We believe that these issues, as well as defense, state security, and some other crucial problems should be the prerogative of Chisinau rather than the local organs of power. At the same time, a close relationship has developed between us and Turkey because it is a kindred country. We have specific plans concerning economic cooperation. For example, it is planned to build a tile plant in Komrat in which the Turkish side is prepared to invest 30-35 percent.

There are also plans to provide telephone communications in Komrat and the entire Budzhak region with the help of the Turkish company TRT. In addition, the late President of Turkey Turgut Ozal promised to allocate \$35 million for the development of the Gagauz region. It was planned to use the funds, for example, to complete the construction of the "South" canal so as to finally provide water for the entire region which has been officially acknowledged to be a zone of marginal farming.

In a word, there are many plans. The Consulate of Turkey in Chisinau is giving us all kinds of assistance. For example, owing to the consulate, about 200 of our students are already studying in Turkey.

Otherwise, implementation of the plan depends entirely on how the parliament solves our problem. If there is peace and tranquility, there will be investment and support from developed countries.

[Golya] As far as is known, for now you advocate the ratification of all agreements within the framework of the CIS and the Economic Union.

[Topal] Naturally, we believe that there is no other way out. The abandonment of traditional economic relations in the absence of real integration with the West has brought about the economic catastrophe all of us are facing.

[Golya] What solution to the language problem do you see? Are you personally fluent in the Moldovan language?

[Topal] Personally, like most elderly Gagauz, I know the Moldovan language, although I am not perfectly fluent in it.

I see a solution to this problem in creating normal conditions for language instruction rather than in forcible Moldovization or, worse yet, Romanization. Attempts at forcibly making us learn the language caused a negative response. The Gagauz began to pull their children out of Moldovan day care centers and stopped learning the language. This would not have happened had an opportunity been given to study the language voluntarily and normal conditions provided. The Gagauz are not against the Moldovan language; they are against discrimination along language lines. The new parliament has a duty to

postpone certification, if not cancel it; this would substantially reduce confrontation in our society.

[Golya] We are now in the third year since the day you were elected president. During this time you have seen few pleasant moments and have heard many threats. Do you regret putting this heavy burden on your shoulders?

[Topal] I am not a politician; all my life I have worked on road construction. However, since the people elected me, I must pull my weight until the end. You cannot cheat your destiny.

LATVIA

'Fatherland, Freedom' Faction Deputy Views Political Situation

944K1028A Riga LABRIT in Latvian 3 Mar 94 p 2

[Interview of Saeima Deputy Janis Straume by Inara Egle: "I Always Remind Myself Why I Came Here"]

[Text] Deputy Janis Straume of the Saeima faction "For Fatherland and Freedom" has been a rather visible politician in recent years. At least those who followed along with the activities of the Latvia Committee of the Citizen's Congress noticed him. That is why it is unusual to acknowledge that very little is known about Janis Straume. The day that I understood why that was so I decided to reveal it to him.

[Egle] You smile so rarely and often appear a bit angry. You should not do that, otherwise journalists will be afraid to address you.

[Straume] That is true. I have often been criticized for being gloomy. Some people in the faction have said that a politician must be more loose. But I am by nature rather closed and truly smile only rarely. I do not like loud and bravura-like conversations. Changing my nature now is difficult. It would be a question of training.

[Egle] Synthesizing your open essence with the ideas you started out with, one might guess about your past. You, of course, have never been, for instance, a Komsomol member?

[Straume] I really have never been that.

[Egle] A dissident?

[Straume] No, a hooligan.

[Egle] That, too, might be interesting. Tell us about it!

[Straume] That was in 1978 in Sigulda, where we, three like-minded fellows, established a nationally-oriented little group, which occupied itself with preparing various proclamations to inform the inhabitants of Sigulda about those things that everyone today knows about.

[Egle] Who were your like-minded friends and what are they doing now?

[Straume] One was my friend from childhood and Klavs Elsbergs prize winner, the poet Edvins Raups. I do not know anything about the further course of the other, Juris Vaiders.

[Egle] How old were you then?

[Straume] Fifteen. For half a year we worked successfully, not getting caught either with the "dictation" of school administrators, for in those leaflets each one of us wrote one letter and the Chekha could not make anything out from our handwriting. Later we became careless and began writing out leaflets in our own handwriting. Then there was another dictation and within a week we all were taken in.

[Egle] But you said that you were a hooligan?

[Straume] With the leaflets we were able to educate people, not draw attention to ourselves. That is why we rather childishly occupied ourselves with breaking windows.

[Egle] What system determined which windows you chose?

[Straume] We were breaking those in the apartments of party functionaries. And to a large degree that saved us. All three of us were tried for hooliganism with a prison sentence of one year, suspended. No political leaflets figured into this matter.

[Egle] Do you remember the name of the judge? How would you proceed if you had to vote in the Saeima to confirm him?

[Straume] The judge was Voldemars Subrovskis, currently the chairman of the judges' association. The Saeima has already voted on him. I do not regard it as possible to vote to confirm for life tenure any judge, with the current judicial system and the associated legal disorder.

[Egle] How did you know the truth that needed to be told to people when you were fifteen years old?

[Straume] It is in my genes. All of my closest relations, mother, her brothers, grandmother and grandfather, were exiled to Siberia. When I was three years old my father perished under mysterious circumstances which are still unclear, while he was a draftee in the Soviet army. I was often told that this regime is unbreakable, that I should not resist. Those close to me wanted to shield me, but that only gave rise to the opposite effect. At night I read the real books and I knew what I had to fight for.

[Egle] Did holding consistent ideas cause difficulties after finishing school?

[Straume] Thanks to school principal, Valdis Jekabsons, my record did not include the fact that I was tried and after high school I enrolled in the Riga Institute of Medicine. In my first course, in the first semester I was the only non-Komsomolist and the only honors student. And then certain problems did indeed arise.

[Egle] What sort?

[Straume] Attempts to recruit me as a Chekha informer began. I was summoned seemingly to see the Rector, then the responsible official reminded me of my past and said that in my road to advancement I was accepted to the institute and now I ought not abuse the hospitality. That very night I called together my group members, those closest friends at the institute, and told them everything so that they would know, if anything happened to me, if I was thrown out of school, why it was done. And with that it all ended, for the information obviously was broadcast back.

[Egle] So you graduated from the institute?

[Straume] Yes, and with a clear conscience. I have worked for ten years in medicine. When the Awakening began and I started to look for contacts among people who were working in the "Helsinki" group and the LNIM [Latvian National Independence Movement], then I worked at Riga

Municipal Clinical Hospital No. 3 as a functional diagnostic doctor and later at the Republic of Latvia's Diagnostic Center I specialized as an endoscopic doctor. Until the elections I worked in medicine and now I am surprised that it is rather easy to survive the interruption of medical practice.

[Egle] Was it easy to mix it with political activity earlier?

[Straume] I would not want to connect my life with politics completely and I hope to return to medicine. My political biography begins with activity in the LNIM, when I was the movement's Sigulda area chairman. To bring together people who stood against Soviet power, both the "Helsinki-ists" and the LNIM, it was acknowledged: It was necessary to organize a political party. Thus was born the Republican party of Latvia, which in the Citizens Congress elections won quite a few mandates, although it had only a small organization. The next fact worthy of mention was connected to the establishment of the 18 November Union, which united part of the Republican party and the radical wing of the PFL [Popular Front of Latvia], which left the Front.

[Egle] Until the second congress you were the chairman of the 18 November Union?

[Straume] Yes. Now we elected Maris Grinblats. Among other things we and Maris are helped in the parliament by the experience we gained in the Citizens Congress. That provided the opportunity also to understand the parliamentary work style, which was well organized in the Citizens Congress. It is interesting that there in the beginning I was in the opposition, as a member of the Republican party, but later I was in a leadership post. Along with that it is clear that one must function in one instance, as in the other and the process in the parliament does not cause alarm.

[Egle] You do not make speeches in the Saeima very often, but when you do the speeches are well prepared. Is it true that they are written by your assistant, Aigars Jirgens?

[Straume] That is a provocative question. We all write our own speeches, but I would not want to deny that Aigars Jirgens helps to prepare them, for the faction practices collective work, that before any speeches are made, bills proposed to [Saeima] commissions, etc., they are carefully prepared and discussed, including my speeches. I must also remind you that Maris Grinblats and Aigars Jirgens have had authority already since the time of the Citizens Congress.

[Egle] Why did you decide to work in the Saeima's State Administration and Local Government Commission?

[Straume] There are only six deputies in our faction and we selected the six most important commissions.

[Egle] So, you do not have any experience in local government work?

[Straume] I have experience with the Citizens Congress internal affairs commission. I must add that "For Fatherland and Freedom" already had many proposed laws already drafted, with which we arrived at the Saeima, and

many of them must be reviewed in the State Administration and Local Government Commission, which is why it is good that someone from the faction participates in its work.

[Egle] Was the commission also given the "Fatherlanders" project regarding limitations on appointments to posts?

[Straume] The State Administration and Local Government Commission, it seems, was the only one that voted that this kind of law limiting posts is necessary. The Saeima majority, as is known, had other ideas. But we will return again to this question, when the Saeima begins reviewing the proposed law on State Civil Service on its second reading. If there are no such limitations and a mechanism prepared for implementation, the state administration reform, about which much is being said, is also impossible.

[Egle] "For Fatherland and Freedom" is criticized for getting carried away with political "limitations" at a time when people are concerned with economic and social questions.

[Straume] The basis of state development is, after all, political issues. But our faction is also concerned with economic problems. Recently Roberts Zile returned from an assignment in Australia; he is a non-voting member of our faction's Economic Commission. There is a work group that is working also on the question of taxes. But we cannot come forward with our ideas right now because we have already experienced the governing coalition stealing the ideas of others and offering them as their own.

[Egle] Could you tell us specifically what you have accomplished in the legislative process?

[Straume] No one is permitted to loaf in our faction, everyone must do something. I could mention that I submitted about 20 proposals pertaining to the proposed law on city council, district council and township council elections, many of which were adopted. Thus, for example, the number of deputies in the Riga council was increased from 45 (as found in the proposed law) to 60.

[Egle] They say that your faction is almost the only one in the Saeima that does not have internal discord. Do you really not argue in your closed sessions?

[Straume] But that is why those are closed sessions, so that we can argue it out and afterwards come forward with one position. We truly strive to announce ourselves as a collective, and, if that succeeds, then we will be able to thank mainly Maris Grinblats, our faction chairman.

[Egle] You yourself feel good in the Saeima?

[Straume] Yes, and why not? But I hope that I never "get glued" to this chair. I have adapted to the environment, but I strive to mobilize myself, so that the routine does not become too pleasant. In my free moments I think about what has happened in the Saeima and I always remind myself why I came here.

State Minister for Human Rights Named
944K1026B Riga LAUKU AVIZE in Latvian 4 Mar 94
p 3

[Article by I. Randers: "A Person Who Has Never Accepted Lies"]

[Text] The administration prepared a bill for yesterday's Saeima plenary session on the candidate already approved by the ruling coalition for the newly created position in the Cabinet of Ministers—the naming of OLAFS BRUVERS, deputy of the Christian Democratic Union (CDU) faction, as State Minister for Human Rights of the Judicial Ministry.

O. Bruvers explained to LAUKU AVIZE that the offer of the position of State Minister for Human Rights from the "Latvian Way" (LW) side was already presented to him last summer, right after the Cabinet of Ministers was established. Thus, it is in no way related to his frequent voting, as opposition deputy, for projects proposed by the LW, nor is it an attempt by the ruling coalition to gain a faithful voter for their side. Since the LW offer to become a member of the Cabinet of Ministers was made repeatedly to O. Bruvers, after prolonged conversations and meetings with the CDU faction deputies, he finally agreed to accept.

O. Bruvers was born in Riga in 1947 into a family of six children. His father was repressed for being a former German army legionnaire, and his mother worked as a medical nurse. Since childhood, Olafs was raised within the family in a strict Christian manner (the parents were Baptists). During his school years, he did not join any of the young "Lenin-type" organizations of that era.

After mandatory service in the army, Olafs wanted to enter the Riga Polytechnical Institute in 1973. But just at that time, he became interested in human rights in the USSR and abandoned his former wishes. He constantly listened to the "Voice of America", "BBC", and "Radio Svaboda", and was heavily influenced by the ideas of the Russian writer deported from the USSR, Solzhenitsyn (for example, passive resistance to the system of lies, not carrying flags in demonstrations, not shouting false slogans, etc.). He also studied history (there was a vast library at home, where he learned about the "Year of Terror"), and through self-education, learned a great deal about Latvia as an independent nation and its occupation.

Filled with the idealism of youth, together with his younger brother Pavils, who was studying at the Institute of Medicine, the two decided to fight against the USSR system of lies. At first, they wanted to write an open letter to "Soviet Youth", but to avoid being placed in an insane asylum, they changed their minds and, with the help of a questionnaire (in Latvian and Russian), they decide to learn the opinions of the citizenship of the empire. Out of 600 questionnaires mailed, 370 were returned. As a result of

their "independent activity", the Bruvers brothers ended up, not in an insane asylum, but in the basement of a KGB prison in the spring of 1974. The KGB agents could not believe that the brothers were not being encouraged to perform this anti-governmental activity by some Western "sponsor". Both were interrogated for three and one half months and sat in single-person cells.

Even today, O. Bruvers is very thankful to those Latvians living in the West who started the visible campaign for the "Olafs and Pavils" case, which was waged outside of USSR embassies abroad (among the active demonstrators were also the present-day Saeima deputies, the Pavlovskis brothers). Western politicians carefully followed the case of the Bruvers brothers and their court proceedings. Being quite aware of this fact, the Soviet Supreme Court gave the brothers an unbelievably "light" sentence: Olafs, as the elder, had to spend six months in a hard labor camp, while Pavils was expelled for a defined period of one year from the university.

In 1976, the entire Bruvers family, because it was "unfit to live in the USSR", was told by the USSR soviet authorities to emigrate. Political asylum was found in Germany and thus, the "anti-soviet element", O. Bruvers ended up in Bonn. O. Bruvers established a family of his own in Germany, and later moved to the United States, where he lived until July of 1993, when he returned to his homeland as a deputy of the Saeima.

Because of his heroic actions during his youth, O. Bruvers is now considered to be a dissident*. He believes himself to be a centrist in politics. And in his political activities, even until the present, he has never agreed with nor has been influenced by lies. In the United States, O. Bruvers studied English (he is also fluent in conversational Russian and German), earning a degree in Doctor of Sciences in diplomatic sciences. His occupation in his country of residence was working in the experimental laboratory of a semiconductor plant.

O. Bruvers admits that he is not entirely clear as to what the job in his new position will involve. The new state minister feels that human rights must be guaranteed fully to all inhabitants of the nation. Therefore, he first intends to listen to the problems of the entire group of inhabitants of Latvia, because, until now, the administration has not had an intensive conversation nor a serious exchange of information with the non-Latvian audience, and second, he feels it is essential to immediately initiate the defense of Latvian interests in international organizations against falsehoods and lies about violation of human rights measures in our nation.

* Dissident (dissidens, dissidentis in Latin)—a person who does not agree with, nor recognizes the ruling points of view, is not afraid to state his point of view and to speak out in opposition.

I. Randers V. Semjonovs photo.

New Citizenship, Immigration Chief Appointed

944K1026A Riga DIENA in Latvian 9 Mar 94 p 1

[Article by Valdis Francs: "New Director of Citizenship and Immigration Department Appointed"]

[Text] Riga, March 8. Today, the Cabinet of Ministers of the Republic of Latvia appointed Ints Zitars, former head of the information center of the Citizenship and Immigration Department (CID), as director of the CID.

I. Zitars, in his former position, has shown himself to be an able organizer. An important prerequisite was that the new department chief should come from this very department, and thus be familiar with its major problems, according to Normunds Belskis, Press Secretary of the Ministry of Internal Affairs, as told to DIENA.

Since the removal from office of the former department chief, Maris Plavnieks, the department was being run by his deputy, Peteris Zviedris.

Ints Zitars was born in 1944, and is Latvian. He graduated from the Department of Physics and Mathematics of the University of Latvia in 1970. From 1970 to 1978, he worked in the experimental semi-conductor laboratory in the University of Latvia as junior scientific associate. From 1978 to 1992, he was at the Solid-State Physics Institute of the University of Latvia as junior scientific associate, then senior engineer. From 1992 until his appointment as director of the CID, he worked as the head of the CID information center.

Photo caption: CID director: Ints Zitars. Photo by Vitalijs Stipnieks, A.F.I.

Gorbunovs Reviews Saeima Legislative Activity

944K1029A Riga RIGAS BALSS in Latvian 11 Mar 94 p 5

[Interview of Saeima Chairman Anatolijs Gorbunovs by Valdis Bekeris: "We Issued the Laws Ourselves and We Must Put Them Into Order Ourselves"]

[Text] The complaining about disorganized legislation right now in Latvia is heard even more, perhaps, than the complaining about the bad conditions in the years of communist power. What hampered the Republic of Latvia's Supreme Council and what hampers the Saeima in finally bringing to legislation? Do we really have a deceiving Republic of Latvia and a deceiving Saeima, as a few loud and angry people now conclude? Perhaps Latvia really should be transformed from a parliamentary republic to a presidential republic, as a larger, but more moderate group of people think. Is a single and guaranteed correct answer to such questions even possible? Leaving the answers to them to each reader, RIGAS BALSS inquired of the Saeima chairman, Anatolijs GORBUNOVS, about the process, procedures and backstage events in the formation of laws.

[Bekeris] So, could a critical period arise that the Saeima becomes unnecessary and "undefendable" from the inhabitants of Latvia and even in the view of its own citizen's interests?

[Gorbunovs] I think that in the near future that will not happen. Yes, ignoring the critical attitude toward the parliament or toward the way in which the parliament operates, or toward individual deputies or factions, I think that the public does understand that the parliament is a mechanism for realizing and regulating public interests with the help of laws, so that conflicts can be resolved and compromises can be found. If the parliament is regularly democratically renewed then it will more or less reflect society itself. It is a mechanism in which citizens can realize their goals or also select representatives who express their interests and there must, of course, be such a place where the interests of citizens can be harmonized. International experience has not discovered anything better than a parliament. Of course with different emphases, different functions, but the basic idea is the same. In the developed world this thought and form appeared around the year 1600, that is, in the 17th century.

[Bekeris] Do you directly, as the Saeima chairman, have the right to initiate legislation? Does it seem to you that the Saeima responds with sufficient sensitivity to all of our conflicting life courses?

[Gorbunovs] I have the same right to initiate legislation as any other deputy, but to do so four more deputies are needed, for the constitution stipulates that a legislative initiative must have five deputies. If five deputies submit a proposed law, then the Saeima reviews it.

But regarding the response and recall of conflicting and actual life processes, that is a very complicated question. Legislators are criticized because we do not have laws appropriate to one or another of life's fields and regarding various economic or social processes, which would advance reforms. And this criticism has some basis. Occasionally it does indeed sound very simplistic, as if by adopting a few laws or amendments all problems could be resolved.

In fact things in essence are that now all areas of life, all economic and social processes must be reformed and that must all be reflected in laws. And here we must have whole legislative blocs. Of course, to work out laws conceptually and then to polish them juridically requires a large and vast job. We are, unfortunately, missing a professional apparatus of clerks as foreign parliaments have, who have worked for many years and have an accepted procedure for their competitive placement.

In addition, the situation in Latvia is too complicated to permit simply adopting all of Europe's best legislation. We, first of all, must take into account everything that has gone on until now, Latvia's legislation in the 1920's and 1930's, for that was the basis for the development of the Latvian state. Then nationalization. Also the system created in the Soviet period: Soviet judicial and socialist economic relations. The results of colonization and occupation. And the current task is to renew everything at the same time and also to transform based on the principle of a law-based and democratic state. In addition there is the property question, relations between former owners and the current

users of property, taking into account the mass deportations and emigration of the 1940's, mainly among Latvians, largely reducing it to a national question.

I sometimes think that if we, with our current legislative experience only now began to take on reform then indeed.... On the other hand, how would we have gotten this experience otherwise?

[Bekeris] Do the mass media—the press, TV, radio— influence the legislative process? Is such influence even desirable and, if you acknowledge it, then how does it manifest itself?

[Gorbunovs] Of course the mass media have quite broad opportunities to influence deputies and that must be done. Often such influence is indirect, for radio and television do not literally discuss various amendments or changes in editing laws. Of course the press, TV and radio influence legislation conceptually, for every law or amendment to a law is a political fact, it is an instrument to realize a concrete policy. And in analyzing specific policies or Saeima faction doctrines, expressing the arguments "for" or "against," along with that the press, TV and radio bring pressure on political parties, on factions, and that is either support or a position of opposition and, if this position truly is argued, analyzed, then it definitely influences the legislative process positively.

[Bekeris] How does the "Saeima Mail" function, which receives complaints and suggestions from inhabitants? Do the appropriate [Saeima] commissions have a mutual contact with these correspondences?

[Gorbunovs] There is a suggestions bureau, a suggestions commission. These suggestions are analyzed and categorized, and, of course, the commissions also strive to answer concrete letters. Suggestions of a general nature are copied and distributed to all factions. But in our election system and deputies' responsibilities, the link with voters also has its problems, for voters vote for parties and it is clear that in a proportional representation system, from which district each deputy is elected, but this clarity does not reach beyond Kurzeme, Vidzeme, Latgale and Zemgale. Deputies in other, foreign parliaments have already told us that this proportional system cannot long survive, that it is a transitional period system and until now it still exists in Italy, but it is now being fixed there too, for the ideal is that each deputy has an electoral district. In return for a mixed system, both majoritarian and proportional, where a deputy is responsible to his party, he has also an electoral district, in which there is a direct bond with the voters and responsibility to the voters. That, of course, is more effective.

About letters. If a letter is written to me personally, then I also strive to respond to all of those who have written me. But sometimes these letters are addressed to the Saeima, including only my surname or post—Saeima Chairman—

then I address them to all factions. Some letters, which are particularly urgent, we copy and distribute to all deputies, although they are not addressed to them. In their speeches deputies often cite voter letters.

[Bekeris] Did the activity of the earlier Supreme Council disturb the influence of the so-called lobbyists and is something similar sensed right now?

[Gorbunovs] Lobbyists personally do not come to me, but that does not mean that deputies do not sense lobbyists. Here we should analyze what this lobbying is, for I conceive of lobbying as political pressure, which is brought by one or another social group in defending its interests, and that is completely acceptable; without normal lobbying the parliament cannot even function. But it is very important that deputies see beyond these interests to the context of the interests of the whole society, or else he, too, turns into a narrow lobbyist. Since we have been working for only less than a year, it seems to me that deputies have not yet become connected to narrow lobbying. It does show up occasionally, but it has not been so awful. When the Supreme Council completed its work this lobbying was more pronounced.

[Bekeris] How does the work of the Supreme Council chairman differ from your current work as Saeima chairman?

[Gorbunovs] My situation has changed significantly. Working as the Supreme Council chairman I "smoothed out" many things during sessions, right in the meeting hall. Now my task is not to smooth out conflict, but rather to give deputies equal opportunities so that they can always depend on the fact that their wishes will be correctly and consistently observed. If some deputy today is refused on some procedural question, then he knows that his political opponent will be just as correctly refused next time, and that is one of the chief fundamental rules for the normal functioning of the parliament. As soon as deputies feel injustice, unfruitful discussions of procedure begin. In terms of procedural issues the Saeima chairman adopts very few rules by himself.

In return his rights as a deputy do not become limited. He may participate in debates, vote, work as a member of a Saeima commission, and also he may stand in for the President in the absence of the President.

As a member of the team, feeling complete responsibility for the work of "Latvia's Way," [LW] I actively work in the "LW" faction and coalition, and also on the Economic Commission. Leading plenary sessions requires me to be objective and tolerant toward all viewpoints, but after surviving a few faction and commission sessions I yielded to subjective emotions.

[Bekeris] Do you see a possibility that the governing coalition will be able to draw in other Saeima factions and deputies?

[Gorbunovs] First, people will want to evaluate the results of what we are doing and how we are doing it in a longer time frame. Another thing, that there must be a mutual connection between the voters and responsibility. That must happen through party members, but I think in any event that forced party development in the near term will not happen, not within "Latvia's Way," nor anywhere else.

Are we thinking about expanding the political union? It is doubtful that that would happen in the near term. "Latvia's Way" is open to political dialogue on this question. But two conditions must be taken into account here. First, that other parties would gladly find themselves in opposition for a while and not connect themselves with the governing coalition, for that would also mean accepting responsibility for mistakes and for the fact that much has not yet been achieved. Second, the minority government formed by "Latvia's Way" and the Agrarian Union, not having achieved a majority in the parliament, causes it to work very carefully and to keep together, accepting full responsibility, and that, perhaps, is also a basis for a certain stability. Whereas establishing a new union, expanding the existing one, or establishing a new coalition on a platform in which only individual program points are mutual, that would be an unstable thing and that should not be done.

Whether that is normal or a coincidence, "Latvia's Way" and the Agrarian Union is developing a coalition whose place is in the center and to the right of center. The opposition is found on both the right and left wings. That is why it is practically not possible to develop a coalition government. That is not something for which blame should be assigned or which is to be wondered about. That would more readily look like irresponsibility or adventurism. That, it seems to me, opposition factions also understand, and—my conclusion may be in conflict with other conclusions expressed—that causes opposition factions also to be constructive, both in introducing legislation and various amendments and changes to laws, and in actively participating in discussions of proposed laws submitted by the government. That, in turn, sometimes causes indignation within the governing coalition, as they try simultaneously to maintain the capacity to do battle.

If there is no internal division within the faction, then, it seems to me, two scenarios are possible: Either "Latvia's Way" and the Agrarian Union of Latvia will honestly work to the end, together drinking the bitter herb, or there will be an early election for the Saeima.

REGIONAL AFFAIRS

Policy on Finnish Arms Exports Seen Easing

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in Finnish 31 Mar 94 p 11*

[Article by Olli Ainola: "Baltic Policy: Arms Sale Restrictions Being Rescinded"]

[Text] Finland has changed the principles of its arms sale policy. Prevention of exports has been converted to promotion of exports. As its domestic sales are drying up, the defense industry is attempting to assure its survival through export sales.

A promising market is seen in the former Warsaw Pact countries, especially the Baltics, after Cocom [Coordinating Committee for Multilateral Export Controls], the export control organization, makes changes in its structure this week. Finland is following other Western countries, including the United States, that have decided to rescind the arms export ban to those countries, even for combat aircraft.

The enthusiasm of Finnish arms plants for exporting to the Baltic countries has been held in check above all by the Paasikivi Doctrine [policy formulated by post-World War II President J.K. Paasikivi according to which Finland should refrain from actions displeasing to Moscow]. The foreign policy leadership has not wanted to provide export licenses for actual lethal weapons and equipment as long as there are Russian military units in the Baltic countries.

A couple of years ago, the Sako arms plant was denied a license to export 5,000 assault rifles to any of the three Baltic countries. According to officials, the application was purely a demonstration of intent, because it the document lacked end-user information, among other things. Sako said it had provided end-user information, and that the export sale was prevented for solely political reasons.

If Russian forces withdraw from the Baltic countries and the situation becomes stable, authorities promise to free the export of arms and combat equipment. Even after these conditions are met, however, licenses are going to be carefully considered, especially if a deal were to involve a political commitment to provide spare parts or resupply in event of crisis or war.

The first preview of the new policy may soon be seen. Finns have under discussion deals for final assembly work, selling components and raw materials to ammunition plants in Estonia and Latvia. The licenses officials are regarding these deals favorably.

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